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Editorial Notes.

The Company Tax.

Some four years ago the Madras High Court gave a decision in consequence of which, co-operative societies in the city of Madras are treated as companies for purposes of taxation. Now, companies are taxed not on the basis of income but on that of the paid up share capital. In classifying companies, Schedule IV of the City Municipal Act has brought all companies with a share capital of less than one lakh of rupees under one class, and they are required to pay half-yearly a tax of Rs. 30, or Rs. 60 per year. Now the smallest co-operative society with share capital, whether it is working at a profit or loss, is required to pay this tax of Rs. 60 per year. This is of course an unforeseen monstrous result of a judicial proceeding. Representations were made to Government through the Registrar by several small societies that this tax was obliging them to apply for liquidation. A deputation of prominent city co-operators also waited upon the Registrar, the Commissioner of the Corporation and the Secretary to Government, and urged upon them the need for exempting small societies from the application of Schedule IV. Everybody was sympathetic and admitted the need for exemption. Everybody saw how ridiculous it was that a judicial accident should crush to death the useful institutions for creating and looking after

which, Government were spending several lakhs every year through a special department. The Corporation itself, having no power to exempt the societies from the operation of the Schedule, the societies were informed that very soon steps would be taken for so amending the City Municipal Act as to empower the Commissioner to exempt the smaller societies from payment of this tax. The promise was made long ago, and if the Government had set about it earnestly the amendment would have also been effected long ago. But some people have in view a comprehensive amendment of the Act, and the small amendment in favour of the co-operative societies is made to wait until the big event is ready to happen. This is how the better is the enemy of good. Meanwhile what is happening? No doubt the Corporation authorities have not taken coercive measures for collecting the tax from the small societies; but the auditors are deducting the amount payable from the profit of the society and showing it among its liabilities. Here is a typical case. The Directors of the Nungambakam Co-operative Bank Ltd., which on 30-6-1934 had only 59 members, write in their report for 1933-34. "The Deputy Registrar has shown as a liability a sum of Rs. 60 being the Companies Tax for the second half year of 1931-32, and the first half year of 1932-33. Though the reconstituted Board succeeded in a great measure to improve the affairs of the Bank and secured a small profit of Rs. 31-2, the adjustment of Rs. 60 as a liability has swallowed up the profit and caused a deficit balance of Rs. 28-14."

Societies which otherwise would have worked at a profit are now shown as working at a loss. The members have become dispirited and unwilling to work the societies as before. Even when the amendment of the Act is made, it is too much to hope that it will be given effect to retrospectively. It is therefore to the interests of the societies that the Act should be amended without further delay. The comprehensive amendment of the Act may take place at any time suiting the convenience of the politicians; but this small amendment which is in no way controversial ought to be taken up and put through the Council immediately. We hope the Registrar and the Development Minister will do the needful and the Chief Minister will pilot such a measure and have it passed in one sitting at least at the next meeting of the Legislative Council. It is hoped the Corporation of Madras will not object to such a measure as the loss of revenue will be comparatively insignificant compared with the impetus given to the movement.

Hyderabad Urban Co-operative Conference.

We have published in this number the proceedings of several conferences. There is no need however to comment on them at length except in one or two particulars. The urban co-operators of Hyderabad should be congratulated not only on successfully holding their first conference but also on being able to induce Sir Kishen Prasad to open it and on getting Mr. S. M. Azam, Principal of the City College to preside over it. Mr. Azam derived his love of co-operation from personal contact with Sir Horace Plunkett and George Russell ("A E.") and though fully aware of the weaknesses of the movement in India, yet has a robust faith in its principles and their being suitable to Indian conditions. His address covers a wide range of co-operaitve topics and is therefore somewhat lengthy, but it is interesting throughout. For considerations of space we have been obliged to content ourselves with a short summary. He warned the members of salary-earners' societies against reckless and habitual borrowing; disapproved of the move to reduce the percentage of net profits carried to the reserve fund (but a resolution was passed favouring the reduction, nevertheless); urged the advisability of starting a co-operative insurance society, so that among other advantages the savings of the people of Hyderabad may remain and fructify in the State itself; and advocated the formation of stores and housing societies and the adequate provision of co-operative education. He applauded the Central Co-operative Union for its intention to appoint shortly a lady propagandist, but recommended the formation of only thrift and non-credit societies for women. He rightly reminded the privileged classes of Hyderabad of the lessons of history if they forgot their duties, and invited them to work for the betterment of society through the co-operative movement.

Mr. Azam gave expression to what is apparently a widely held opinion in Hyderabad, that "Urban Co-operation has been the Cynderella of the movement throughout India. No one seems to have cared for it." A little later, however, he gave facts and figures to show that urban societies were doing far better than rural ones—which is a fact all over the country. In numbers the urban population is to the rural population in the whole country in the ratio 1:8. But in the co-operative movement the urban membership is to rural membership as 12 : 30 and in point of working capital it is as 18:34. Therefore the urban population is deriving far more benefit than the rural population from the co-operative movement. No

wonder, because the urban population is more intelligent and better able to manage institutions. So urban co-operation cannot be called Cynderella.

Mr. Azam also made a bold and interesting suggestion, when after advocating debt conciliation as had been effected in Bhavanagar, he said :

> "But if the Governments concerned are not prepared to undertake the gigantic task of the redemption of the entire agricultural indebtedness, they should at least make good the losses sustained by the financing institutions in their dealings with rural societies on the moral assurance held out to them by their officers about the perfect safety and solvency of the village societies. On a rough computation, a grant of Rs. 7 to 8 lakhs would be required in our own State adequately to meet the losses incurred in principal and interest on advances made to the village societies."

There is a precedent for the course suggested above by Mr. Azam in the case of the Burma Provincial Bank. But we do not think Indian opinion has ever approved of it, as the effect of such a course on the movement would be very demoralising and not at all to the good of the movement.

The Andhra Co-operative Conference.

Dr. P. Gurumurti's welcome address at the Rajahmundry Conference which was appropriately delivered in Telugu, was charged with the spirit of sturdy independence. Diwan Bahadur Raghavayya pleaded for compulsory debt conciliation and the promotion of better living societies. Among the resolutions, the one urging the constitution of a separate provincial bank for the Andhra districts was passed both at the West Godavari District Co-operative Conference and at the Andhra Co-operative Conference. At the latter the appointment of a separate Registrar for the Andhra districts was also urged. We should think that these resolutions were dictated not by any urgent practical necessity of the day, but by a natural desire to be prepared for provincial autonomy in "Co-operation" when a separate Andhra Province will be formed. Another resolution gave its support to the idea of amalgamating central banks, where more than one exist in one district, into one and in exceptional cases into two, but 'with the consent of the banks.' This resolution has of course an intimate bearing on the proposed amalgamation of the four central

banks in East Godavari District. Much emphasis was laid in the speeches on the consent of the banks concerned. We are sure that the Registrar is anxious to bring about the amalgamation only with the consent of the banks. But the latter also should realise that they have a duty and a responsibility to be reasonable, and that if they do not agree to any scheme among themselves they will have to submit to an outside decision. We trust that there will be no need for an outside decision and that the resolution of the Conference will be duly honoured.

Dismortgaging loans.

One of the resolutions passed at the Conference needs some elucidation. It recommends to primary land mortgage banks a scheme of dismortgaging loans prepared and put forward by the South India Co-operative Insurance Society. The object of the scheme is to protect the family of a borrower from anxiety regarding the repayment of a mortgage loan in the event of his premature death. It enables the borrower to enter into a contract with an insurance company to discharge the loan and hand over the property freed from encumbrance to his family. He may take an ordinary life policy and set it off against the mortgage loan. He will have to keep the policy alive by paying the premiums as well as to continue to pay the instalments of the mortgage loan. If he survives the period of the loan, the amount of the policy will be a saving for him and his family. If he should die earlier, the balance of loan outstanding will be cleared from the policy amount and the remainder with the freed property will be handed over to the family of the borrower. This system is however rather costly for the borrower for he has to pay not only the loan instalments but also the premiums of his policy, and he may not be equal to do both. In the alternative he may get the insurance company to guarantee the payment of only that portion of the loan that would remain unpaid at his premature death if it should occur. He may get a policy for this either by making a single payment or by making small annual payments. The single payment system is much to be preferred. To give an illustration. Let us suppose a man aged 30 takes a loan of Rs. 1,000 from the land mortgage bank to be repaid in 20 years, the interest being 6½ per cent. He will have to pay an equated annual instalment of Rs. 90-12-1 towards the loan. If he makes a single payment of Rs. 119-1-0 at the time that he takes the loan, the South India Co-operative Insurance Society will undertake to pay at his death whatever portion of the loan would then remain unpaid, due of course not to default but to death. If his age be not 30 but 20, the amount to be paid would be Rs. 87-5-0; and if 40, it would be Rs. 184-13-0. Instead of the single payment he may make annual payments. The annual payment in the case of a man of 20 years would be Rs. 8-2-0, in the case of one of 30 years Rs. 10-1-0 and in the case of one of 40 years Rs. 16-4-0. It is to be

remembered that what is covered by this latter scheme is the payment of the balance of loan outstanding at the time of death. If the borrower survives the period of loan, no amount will be payable by the Insurance Society. It is like fire or accident insurance. It is in the interests of land mortgage bank to insist that their borrowing members should take out dismortgaging policies. They are not costly and suit the convenience of both the land mortage bank and the borrower's family.

A similar scheme is said to be adopted with success in Germany where the State evinces great interest in the borrowers taking out insurance policies under the dismortgaging plan. This insistence by land mortgage banks that their borrowers should take out policies of dismortgaging insurance will act as a sort of social and economic legislation, whereby the property of the agriculturist does not change hands frequently, when falling land values affect him adversely.

Mistaken Traders.

At a conference of the Punjab Traders' Association held recently at Lyallpur, a resolution was passed calling upon Sahukars (money-lenders) to withdraw their deposits from Co-operative Banks "in view of the fact (as alleged) that the inspecting agency of co-operative societies was mainly responsible for spreading hatred against the Sahukars culminating in the murders of Sahukars." We are sure the conference was much mistaken in believing the allegation made against the co-operative staff. Both the official and the non-official staff in the co-operative movement are duly trained and controlled, and it is impossible to believe that they indulged, or were allowed to indulge, in criminal propaganda. Certainly, it is the business of the co-operative propagandist to point out the advantages which co-operative credit offers compared with other sources of credit, including the Sahukar. And if in comparison with the co-operative society the Sahukar does not shine, it is surely his own fault and not that of the propagandist. We are sorry that there should be anti-sahukar feeling in the Punjab and that it should have culminated in murders. Where, however, such unhappy events take place, it is not propaganda which causes them—not even clearly mischievous propaganda, which co-operative propaganda can never be—but the heartless and unconscionable ways of the Sahukars themselves. As to the advice given by the conference to the Sahukars to withdraw their deposits from co-operative banks, we hope it will be acted upon. If Sahukars think of co-operative banks, it is not because of any kindly feelings they have for them but because of want of employment for their money. Their money brings an unco-operative air with it and will not remain in the bank in difficult times. The banks will be better, not worse, for the withdrawal of such deposits, that is, if there should be any.

Commission on Sales.

With a view to induce the staff to push on sales, the Triplicane Stores has recently decided to pay to the staff of each branch a commission of one per cent calculated on the increase of its sales over the previous half year. Commission at this rate was given for the increase of sales effected in the half-year ending 31-12-34 over the previous half-year's sales. The temper and skill of the salesman is certainly an important factor affecting the sales of a branch and therefore the payment of commission on the increase of sales is not open to objection in itself. But the basis of comparison chosen in this case does not appear to us to be very happy. It is a well-known fact that the sales in the first half-year in all stores, certainly so in the Triplicane Stores, are invariably less than in the second half-year, chiefly because of the summer vacation, when many members leave the town. Therefore, the staff, irrespective of their efforts would always get a commission on the second half-year's sales and none on the first-half year's. A better way would be to compare the sales of a half-year with the corresponding half-year of the previous year. Even then allowance would have to be made for the rise and fall of prices over which the staff have no influence. For instance, while the sales in the Triplicane Stores in February 1934 were about Rs. 60,000, in February 1935 they amounted to about Rs. 71,000 owing chiefly to the rise in the price of rice and other articles. If the object of the commission should be fulfilled, namely, rewarding good salesmenship, the basis for the comparison of sales should be chosen as carefully as possible.

Debt Conciliation Boards in the C. P.

The Central Provinces Government have established one more Conciliation Board for Betul and Multai Tahsils in Betul district. It is reported that this is as a result of a demonstration staged by the peasants of Betul Tahsil outside the precincts of the Council Chamber in February last urging the establishment of such a Board. This is a clear indication of the fact that the Debt Conciliation Boards in the Central Provinces are serving a very useful purpose and that their working is greatly appreciated by the indebted agriculturists. News comes that two more Boards have been set up in other Tahsils.

The Government Review on the working of the Khurai Debt Conciliation Board affords interesting reading. In view of the importance of the subject of debt conciliation to this province, we take the liberty of giving an extract from the review.

> "During the period of a year and a half, 2,790 applications involving debts amounting to Rs. 30'67 lakhs were received. Of these 368 applications, involving Rs. 3'72 lakhs were dismissed under section 7(1) of the Act and 726 applications, involving Rs. 11 lakhs, were dismissed under section 14, as

no settlement could be arrived at with the creditors. Certificates under section 15(1) declaring that the creditors had unreasonably refused amicable settlement were issued in 901 cases for debts aggregating Rs. 12·96 lakhs. It is gratifying to note that agreements under section 12(1) were executed in 1,693 cases for debts aggregating Rs. 16·17 lakhs. The latter were conciliated for a sum of Rs. 8·37 lakhs resulting in a remission of 48·3 per cent of the demand. Claims amounting to Rs. 74,000 were also discharged for not submitting accounts or submitting them after the prescribed period of two months.

The Chairman in his report has started that the parties generally were amenable to reasonable settlement except that creditors holding mortgages and decrees were reluctant to agree to reductions, being conscious that they could recover their claims in spite of any settlement by the Board. He estimates however, that about 20 per cent of the secured debt did come under agreement. In some cases the Board also successfully advised debtors to transfer mortgaged property or part thereof to satisfy debts which could not have been liquidated otherwise. *It is reported that a certain amount of private conciliation of debts has also been carried out in this area under the pressure of the existence of the Board.* Care was taken by the Board to ensure that the instalments fixed for the payment of settled claims did not exceed the annual paying capacity of the debtors and in no case has interest been allowed in addition to the instalment. Out of an amount of Rs. 15,808 payable as instalments on the 1st May 1934 an amount of Rs. 5,067 or roughly one-third had to be realised coercively through the revenue authorities. Though in a normal year this proportion would appear high, considering the history of this tract and the damage done to the wheat crop in the year under report, *the result cannot be said to be unsatisfactory.*

There is no evidence to indicate that the operations of the Board have resulted in any appreciable restriction of agricultural credit for current needs.

Government agrees with the Commissioner that taking into consideration the difficult conditions in the Khurai Tahsil *the board has achieved a very considerable measure of success.*

(*Italics are ours*)

To those who still doubt the efficacy of debt conciliation as an effective method for solving the problem of agricultural indebtedness, especially the Government of Madras, we hope the extracts given above from a Government Review will serve as a convincing proof. Facts are facts, and it is the part of wisdom to take note of them without allowing our predilections to influence our decisions.

Marketing of Agricultural Produce in South India.*

BY MR. T. AUDINARAYANA CHETTIYAR.

INTRODUCTION.

This Province ought to feel grateful to the President of the Madras Provincial Co-operative Bank, Ltd., for turning his attention to co-operative marketing. If, as a result of his timely move, some tangible scheme is put into operation not only will the millions of ryots be benefited but the enormous funds now locked up in current accounts in commercial banks at one or one and a half per cent per annum find a fruitful outlet. That the average farmer is unfitted by education, upbringing and by his isolation, not to speak of his want of belief in his own better destiny, to fight against the organised, clever and resourceful buyer is only a truism. One can see in any weekly market often times, a sack of onions being sold for four annas or even less and a bunch of about of 150 bananas for 2½ or 3 annas, not as a rare occurrence but as a daily fact. Want of marketing intelligence which in the case of industrial products, is hourly shifting, the smallness of the farmer's out-put, the absence of access to the markets, the perishable nature of his produce and above all, his want of financial position to hold out against better prices—all these combine to produce this unfortunate result. The remedy lies in organisation and finance.

The practices of the wily middlemen in groundnut trade would stagger imagination, not to speak of the plight of the ryot who had taken advances from the sowcar-trader on the express understanding that he is to sell his produce to none else. The false market prices quoted by the buyer, the false weights he uses, the innumerable deductions and above all the deduction for charity are common knowledge. The Bombay dealer has invented another deduction, *viz.*, the pinjrapole. In South Arcot, in addition to the illegal deductions, there is the practice of *thallupadi i.e.*, knocking off two pounds from each lot handled, besides the liability to personal violence and forcible bringing in of the crop-laden carts to the middlemen's *mandies.* Although in the case of goods whose trade is no longer local, *e.g.*, cotton and groundnut, it is easy to know the daily current rates telegraphically, when the middleman goes with money to the ryot's door and forces an advance on him, this knowledge is not available to the ryot. Until April, 1935, as regards cotton, even the Candy will continue to vary in different provinces.

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* A report submitted by Mr. T. Audinarayana Chettiyar to the Madras Provincial Co-operative Bank.

As regards perishables, the profits made by middlemen are even more. Green plantains and betel leaves travel up to Kanouj and up to the very foot of the Himalayas. There are no ready means of ascertaining the current prices in the purchasing provinces. That this trade is not negligible would be evident from the fact that in three S. I. Ry. Stations alone in Trichy District green bananas are booked to the total value of Rs. 5 lakhs. Mangoes equally lend themselves to similar handling.

PART I.

WORKING OF SALE SOCIETIES

Finance looms large in a country like India where the banking habit is practically un-known among the ryot population and neither the number of Banks nor of their branches being anywhere near adequate. The question of agricultural finance is an all-important one here. The ryot is hopelessly in need for purchase of seed, ploughing, weeding, harvesting, not to speak of processing (if he should ever attempt it) or to hold out against a rise in prices. If these things have to be attempted, as they must be some day, the ryot will be in need of a measure of financial aid which would be much greater. The middlemen and the indigenous bankers now undertake the financing of the ryots with the unavoidable results that the ryot's margin of profit is next to nil. Lack of funds not only handicaps the ryots as a producer, but as a seller as well. For, if he is in debt to the middlemen, he is compelled to sell his produce immediately after harvest when prices are low. Often he is in want of money even to cart his produce to a central market. Financial help will render the ryot a more competent seller, *i.e.*, increase his bargaining power.

Co-operative marketing alone can get over the handicaps which the small borrower encounters. In South India, marketing societies do not undertake the financing of crops. Where it is done, it is done only by the primary society in the village, generally, on an acreage basis—the amount varying with the nature of the crop. In South Arcot, for instance, the current rates for groundnuts are Rs. 12 per acre of rainfed land and Rs. 20 per acre in irrigated land—rates which take into consideration the labour of the ryot himself and of the members of his family. In the case of cotton, sugarcane etc., the rates would naturally be higher. The crops become the first charge. The reasons why the marketing society does not usually directly finance the ryot is the (1) difficulty of watching the application of the loan-money for the purpose for which the loan was

obtained and (2) the fact that several primaries have overdues to the central financing banks and so have to be practically denied loans. In South Arcot, an attempt has been recently made to select fresh areas, *e. g.*, under the Willingdon Reservoir and give crop-loans alone to the members. But there is a feeling that people are not satisfied with the crop loans merely, but want accommodation for long-term purposes as well, which the financing bank may or may not be willing to advance.

Presuming the primary society has advanced a crop loan to a member, the Panchayat is expected to watch the borrower and as soon as the crop is harvested and ready, it prevails upon the ryot to take the produce to the co-operative marketing society's warehouse, where the dues to the society will be deducted. Sometimes, the borrowing member may try to evade and sometimes also the primary society's secretary may not be a zealous co-operator. The Tiruppur Cotton Trading Society has started an auxiliary organisation—the cotton growers' society—for the financing of crops. But opinion is not unanimous whether this is the best method of getting over the trouble or whether the marketing society should not make big ryots its members and give direct loans. In the latter case, it will of course have to employ staff to watch the borrower.

In any case, when the produce is brought to the marketing society's warehouse, it is weighed in the presence of the ryot and if he is anxious to have it sold, samples are shown to the leading buyers in the locality and the best offers obtained. The lot is invariably sold only with the consent of the ryot. The chances of obtaining good prices will depend, apart from the quality of the stuff, on the reputation of the warehouse. For instance, the one at Vriddachalam is excellently located in the very centre of the groundnut market and the quantity handled is so large that shipping firms come to the society's godown and give written offers. In some places and in case of cotton especially, periodical (and in the height of the season even daily) sales are held in the marketing society's godown. If it is a recognised institution, big buyers attend the auctions and decent prices are obtained for the ryot.

In Salem Trading Society (at Rasipuram), in spite of the fact, it is only about a month old, successful auctions are taking place. Besides the two factors mentioned above, which determine the auction price, it is the preparation of the stuff for the market. In case of ground-nuts, machine-shelling and dryness and absence of

grit obtain about two or four rupees more per candy than hand-shelled, uncleaned stuff—the actual cost of processing coming only to twelve annas per candy. But in spite of the obvious advantage most of the ryots insist on hand-shelling as they can moisten the stuff and thereby increase the weight. In some markets, as in Ulundurpet and Tiruvannamalai, only machine—decorticated nuts are dealt in. At present, there is no co-operative warehouse at the former place, but it is worth trying to market decorticated stuff alone—at least as a first step in processing of produce.

As soon as the stuff is sold, the purchase money is paid to the ryot, minus legal and usual deductions, which in a co-operative warehouse are fixed and err on the side of leniency and if a loan had been advanced that too is deducted from the sale proceeds. Sometimes, there is a delay of a few hours in some places or of a few days in others before sale money is realised from the buyers. The ryot finds it difficult and expensive to wait over-night for the money—he often comes to the warehouses without money for his night food even. As the co-operative warehouses in South Arcot District, at any rate, have no ready money, the ryots are disappointed. Keeping of a certain sum of cash in the warehouses to meet such cases, is absolutely and urgently necessary if co-operative marketing of groundnuts is to make headway in that district.

The provision of gunnies is another matter which often causes inconvenience, the ryot wants gunnies to be given to him without waiting for the buyer to transfer the produce to his own gunnies—a process which necessarily takes some time. This is met by keeping enough gunnies in the warehouse, but there is absence of this easy provision in the South Arcot district, though gunnies cost only about Rs. 17-8-0 per hundred. There is another, a fourth factor, which determines the adequateness of price obtained—the location of the warehouse. I have already referred to the excellent situation of the one at Vriddachalam. As an example of the opposite state of affairs, I should mention that at Cuddalore, the district headquarters. It is a dirty building not in the trading centre. I understand certain obligations have necessitated this bad arrangement. I trust it will be shifted to a more suitable locality. In the co-operative groundnut warehouses besides the commission on sales, neither the godown rent nor sundry charges are levied. Cooly is actually charged to the seller. In groundnuts, there is no insurance charge levied as is done invariably in the case of cotton.

With regard to the realisation of purchase money from the buyers, there is a slight difficulty felt. In some market centres like Dindigul and Karur, the custom of the trade is for the money to be paid within a week of purchase although as a matter of fact payments are made much earlier. In Koilpatti I was told one reason why even large buyers do not pay for the cotton purchased before its removal from the co-operative warehouse is that the buyer wishes to open the bales and see that there is no foreign matter inside before payment is made—this taking a couple of days or so in the season. In Vriddachalam, owing to the absence of a branch of the Imperial Bank, the agents of the buying firms have to get remittances daily by insured post and the delay of a day or so is inevitable. In the case of some of the co-operative trading societies, this trouble is got over by an enabling provision in the byelaws that the Board may allow credit up to a week to buyers who are in the list "approved by the Board"—evidently revised from time to time. I have examined the lists and from enquiries, I am convinced that the Directors have exercised due discretion. Absence of such a provision is making the work of the Karur Trading Society practically come to a standstill. Some Deputy Registrars, I am told, are firmly against even this limited credit being allowed. It may be argued that in a stray instance or two the warehouse officer is able to realise money on the very day of sale. But if asked, he will tell you he is able to do so sheerly by his personality and that he has to wait on the purchaser sometimes till midnight to obtain the money. But this will become impossible when the business expands as it is bound to do in future.

The Central Co-operative Bank in South Arcot has advanced up to Rs. 55,177 since the beginning of the scheme. The outstandings under crop loans on 5-3-1935 was Rs. 21,339. While on the subject of groundnut-marketing, it may not be out of place to give a few details pertaining to the district. The central institution is called the South Arcot Co-operative Groundnut Sales Society, Ltd., Cuddalore O. T. It has warehouses at Vriddachalam, Triukoilur and at district headquarters. There is provision for lending up to 60 per cent of market value on the pledge of produce. This however is not availed of largely. There is however need for retaining such a provision. For example, last season when several carts had turned up at the Cuddalore warehouse, there was a sharp shower and the buying firms, realising that the ryots would have to sell the stuff willy-nilly, lowered the market rate from Rs. 29 to Rs. 22. Some 300 bags were then

stored in the warehouse and sold late towards the evening when the price went up to the morning's figure, viz., Rs. 29.

Adequate warehouse provisions is necessary for another reason also. In South Arcot, there is the system known to the trade, "as unfixed contracts". The seller brings to the buying firm's office, say, a thousand bags and obtains an advance of 80 per cent at the day's price. No price is fixed. If the market is rising, the buying firms keep quiet. If the market is falling, the buying firms have the right to call on the seller to recoup the difference. If there is a sudden rise in price and the seller hearing of it demands to have the price fixed at the day's rate, the buying firm says: "I have instructions to buy today only 1000 bags; as 4 other persons have applied to have prices fixed today, I can accept only one-fifth quantity. So, I shall fix the price of only 200 bags at today's price." The seller has to be satisfied. If the price falls the next day he stands to lose heavily. There are instances where the clever agent (though paid only Rs. 35 or 40 per mensem) is able by his subtlety to get the better of the seller by keeping the prices low. The most remarkable thing in this gamble is that the actual stuff held under the "unfixed contract" would have been shipped to Marseiles days ago. If, on the other hand, the co-operative warehouse had sufficient go-down-accommodation and sufficient funds to deal with large quantities, the seller will have the produce under his control, and would be in a position to take advantage of such rise in prices by selling not necessarily to the firm that advanced the money but in the open market to the highest offer. This leads one to the question of dealing in large lots. I am assured the shipping firms always offer higher prices to those who can sell stuff to them in large lots. To my mind, marketing, if it is to succeed, has to be attempted on a large scale.

The question of co-operative-decorticating I would leave for the present. The crop is not the whole year round and maintenance in the off-season and deterioration of the plants will make the cost prohibitive. I am also informed that private decorticators are already languishing for want of full business in this area.

At present the Co-operative Department has lent the services of a non-credit Inspector to develop marketing. The Director of Agriculture has generously placed the services of two senior agricultural demonstrators in charge of the warehouses. The success so far achieved is due in no small measure to the devotion of these

men. But it is the nature of Government to make these concessions only for a year at a time. Moreover, the best of these youngmen are not born traders, and when large transactions are to be attempted, they may not be found to be up to the mark. It would be necessary then to go in for expert direction. Individual Trading Societies will be obviously unable to meet the cost of such direction. It would be therefore necessary for such trading societies to federate for the purpose of technical or trade directions, while each society will be independent as regards finance and working. In the early stages, the Government or the Provincial Co-operative Bank could share the cost of higher direction.

I shall next deal with cotton. The actual method of pledging and storing of the produce in the co-operative warehouse and the way in which the produce is marketed do not differ radically from those connected with groundnut. But with this difference, processing will increase the value of the stuff in the market and also enhance the prestige of the co-operative warehouse, making it take an important place in the market. In parts of the Bombay Presidency, co-operative sale of cotton has been a success. I give below a brief description. Sale is generally effected by organising auctions. Members are assured of correct weighments and clear accounts. They will be entitled to profits if they have paid more by way commission than necessary. In Guzaret, sale societies are little more than this. But the goal of a marketing society is to bring producer and customer nearer each other. In other countries, the produce of members is purchased outright by societies at market rates, graded and exported to consuming countries and profits distributed in proportion to produce sent for sale by members. In Guzaret, some societies distribute uniform seeds and the produce of members being of a uniform quality, the kappas are ginned by the societies and the cotton disposed of at favouable prices locally or in Bombay. This is one step further-processing. The outright purchase by societies renders this possible. The sale societies may either own gins or get cotton ginned by co-operative ginning factories. The Secretary of Tiruppur C. T. Society has made arrangements with a local ginning factory to have the cotton ginned at Rs. 6 per candy. He is not, for the present, for the co-operative society to own its gin, and I am told by others that it is even possible to get the ginning rate reduced to Rs. 5, an unremunerative rate.

As regards financing of cotton cultivation, the prevalent practice is to advance crop loans. In Bombay Presidency, the rate works out

at Rs. 16 per acre. Surprisingly, the same figure is arrived at by the recently started Trading Society in Salem. In Tiruppur area, I think the limit of loan for cotton is Rs. 40 per acre. In Salem, it is the primary society that advances the crop loan. It gets agreements from members of the primary society that they will sell their produce only through the Trading Society. These agreements are of two kinds :—(1) From non-borrowing members and (2) agreements obtained as collateral securities for the loans numbers have already had from the primary society. Under the latter arrangement, the Panchayatdars can enforce fulfilment of the contract by filing arbitration suits. In Salem District, the smaller farmers with one to three acre holdings do not care to have crop loans, as, except for seed, the labour of self and family are enough to raise the crop. The total area under agreements covered by this society is 2,000 acres at present—a fourth of the total under cotton. The produce of this area was hitherto handled through local middleman. (1) They used to purchase in the field itself or (2) the ginning factory owners used to send out to the ryots' villages their agents and buy cotton there. (3) The ryots take cotton to the weekly markets which are attended by the buyers and (4) small lots are brought daily to the doors of the local ginning factory and sold for whatever they would fetch. As regards (1) and (2) there is cheating in weight and price. As regards (3) if large quantities are taken to the market and on that day if buyers are few or able to form a "ring," the ryot is undone. He cannot take back the stuff to the village. The trading society holds auctions weekly and in the season by-weekly. These are attended by purchasers (merchants). The first four weeks,' sale—this is not the season yet—have totalled Rs. 8,000. This week cotton has fallen in price and the ryots wish to hold the stock (in society's godown) awaiting rise in price. There were loans on pledge of goods on 19-3-1935 to the extent of Rs. 1,400 while the value of goods pledged was Rs. 2,600.

The Salem District Bank has given a cash credit accommodation up to Rs. 10,000 and a sum of Rs. 250 for the initial outlay. But a larger subsidy is needed since a new trading society cannot maintain adequate staff on the modest commission received on sales.

In Bombay Presidency, naturally, the dealings are on a very much larger scale. The Gadag Society, for instance, has a credit of Rs. 1½ lakhs in the Bank. When the produce of members arrives, it gets a maximum credit of Rs. 4. lakhs on actual produce deposited.

The financing bank gets weekly stock statements. In Bombay, the unit is at least a taluk, but in the case of some successful societies, a district is found to be better. Bombay has proved that small societies for purchase and sale are unworkable owing to cost of management. Middlemen also refrain from molesting big societies. The efficiency of a sale society would depend entirely on the management. It alone can overcome the competition of a determined and bitter character by the middlemen. Tact to deal with the situations as they arise would be necessary. The Manager must be well paid. To help him there should be an Executive Committee. They may be well-intentioned but through want of cleverness things may come to grief. So, it is often found necessary to have a Committee of Control composed of non-members, as far as possible of experts in business matters, who have not to face an election every year, who are elected, say, for three years. The Committee will have powers of veto over decisions of the Executive Committee. Outside control is against the theory of co-operation, but is advised as a temporary expedient.

What I have said as regards groundnut-marketing regarding the need for large and more elastic finance, expert and technical advice and large-scale transactions applies with even greater force to cotton. It is for the Provincial Co-operative Bank under expert advice to see how it can usefully step in. I can only say that the premier Provincial Co-operative Bank in India cannot make better use of its business capacity and large resources than in promoting the co-operative sale of staples like cotton, groundnut and paddy.

The Tiruppur Society is only 14 years old, that at Koilpatti 9 years, at Tuticorin 2 years and at Dindigul just over 2 years. The Karur Trading Society is the oldest, having been registered in 1925, although its really active life is less than ten years. Karur is easily the finest market for miscellaneous articles like turmeric, ghee, chillies, cotton, dholl tobacco and paddy. But the Society's work suffers from a certain want of elasticity in its bye-laws. The Executive Agent is an enthusiast and under proper guidance can be trusted to run a trading society successfully—tackling also perishables like betels, bananas, etc., for which this area is the garden practically for a great portion of Upper India.

The Karur Trading Society has some Rs. 5,000 as paid-up share capital and mainly deals in paddy. Its membership consists of some 50 societies and 45 individuals. As at present intended to be worked,

its transactions tend towards outright purchase. It also makes advances on pledge of produce. Within the short space of less than a year, it has handled 3000 bags of groundnut and 300 of cotton seed. The previous year's loss was wiped out. This society suffers from the restriction sought to be placed on sales to buyers on short credit (up to one week as is done in Madura and Dindigul) by the departmental officers. The central financing bank has given a subsidy of Rs. 360 a year for godown-rent besides the services of a Supervisor. The loans to the sale society carry interest at $\frac{3}{4}$ per cent. less than other loans. This market is well worth developing. The transactions of the local traders are estimated to exceed 30 lakhs annually. The total advances on crops held in godown on 11-3-35 was Rs. 1,010. The society complains that the cash credit accommodation allowed to it by the Trichy District Bank viz., Rs. 5,000 is insufficient and it also wants subsidy for doing propaganda work in villages.

The Madura Paddy Sales Society which is not yet a year old was started for advancing loans on and for selling the produce of members. Of the maximum share capital of Rs. 10,000 shares worth Rs. 2,250 have been taken. The warehouse is situated in the paddy market itself. The work so far turned out is satisfactory. The Society has sold 3,050 bags of paddy valued at Rs. 13,246 earning a commission of Rs. 380. On pledge, it had, on 13-3-35, 5,049 bags. Besides paddy, the Society also deals in groundnuts and cotton. Here as well as in Dindigul, the groundnuts are dealtwith unshelled. A commission of two annas per bag on paddy and some incidental charges are levied. "Mahimai" levied by other mandies is not levied in the sale society; also the society charges no godown rent for the present. Between January 1st and March 12th, advances on pledge of paddy came to Rs. 14,000. Loan limit is Rs. 5,000 and commission earned during the month from 15-2-'35 to 13-3-'35 was Rs. 240, the month being a busy one. Up to 75 per cent is advanced on the market price and interest is charged at $7\frac{1}{2}$ per cent. There is a "Market Study Book" maintained by the Warehouse Officer. Prices are quoted to the ryot who brings the produce and only with his consent is the stuff sold. A departmental Inspector is in charge. A branch depot is maintained which is visited by the Inspector at least once a week and weekly stock reports are received from the branch. The branch is located in a most convenient place for the ryots and is earning nearly as much profit as the headquarters society.

The Madura Central Co-operative Bank has helped the Trading Society with a cash credit up to Rs. 18,000 (the rules allowing loans up to 8 times share capital plus Reserve Fund). The District Federation has given the free services of a Supervisor. The society has rented a godown and contemplates building its own godown. The Central Bank charges only its usual lending rate viz., 6¼ per cent to this society, but it is likely to reduce it at an early date. As in the case of cotton and groundnut, the local traders or their agents visit villages and buy paddy outright or coax the ryots to bring produce to their mandies promising good prices. They also advance monies to the ryots—often up to full expected value of produce. They also provide gunnies in advance. These petty dealers are often paupers. Besides these agents, there are petty dealers in the villages themselves. The mandies of course use false measures and deduct illegal sums. Correct market prices are withheld from the sellers. The chief buyers are the large dealers in paddy as well as "tank owners," a local name for rice-mill owners who convert paddy into "boiled" rice chiefly. Samples are exhibited in the co-operative warehouses. The buyers come, test samples and make their offers. The lot is sold for the highest offer. Money is paid almost at once. In some instances, short delays occur, never more than a week. There is kept a list of some forty "approved" buyers to whom this short credit is allowed. The list is "passed" by the Board. As in the case of groundnut and cotton, this custom of the trade i.e. giving short credit to approved customers must be recognised—carebeing of course taken to provide safeguards. Otherwise, the work of this society as well as that of Dindigul and of Karur will have practically to close down.

Though satisfactory so far, the work ought to expand several fold, if it is to justify its existence. On its present scale, it cannot work on the commission received in sales. I think it is the duty of the Central Co-operative Bank to give all facilities, towards the rapid expansion subsidising it in its early stages. At present propaganda in villages is badly needed if transactions have to expand and in case the Central Bank is unwilling or unable, the Provincial Co-operative Bank and the Government should come forward with discriminating help. There is already demand for new branches at Theni, Aruppukottai and Tirumangalam. The Board of Management consists of ryots and businessmen (not paddy traders). They have just now under consideration a scheme for the marketing of perishables. The society owns adequate number of gunnies (nearly 3000) and maintains a ledger for the same.

The Trading Society at Dindigul is comparatively recent, having been registered in 1932. It has 142 individual members including some petty merchants, but not any mandy-merchants, of whom there are about 70 in this town—which is commercially more important than even Madura. The difficulty in expansion is that most primary societies in the district having "overdues," the Central Co-operative Bank has not given crop loans liberally to the ryots. Hence the smallness of the produce brought to the society.

The Madura Central Bank has given an overdraft accommodation of Rs. 2,000 and the services of an Inspector, but no reduction in the rate of interest charged on loans. The Co-operative Department has lent the services of an Inspector. The office is situated centrally and there is an out-agency doing good business. The out-agency stocks and can even sell produce (with consent of pledger) but it cannot grant loans. The total transactions roughly amount to Rs. 55,000; goods in the godowns are insured. The commission charged to the ryot is 2 annas a bag for paddy and another six pies is got from the buyer. Different rates of commission are charged for cotton, coriander, food-grains, oil seeds and jaggery. For the year ending 31-12-34, the total value of produce handled was Rupees one lakh, roughly earning a commission of Rs. 1,500 and a net profit of Rs. 300 per year.

The society complains about inadequate transactions and believes that if the central financing bank would give 2 Supervisors, its volume of business would increase. The other suggestions made viz., the desirability of admitting big ryots as direct members and advancing loans to them will be dealt with by me under the head "suggestions." The society collects "mahimai" which is used for presenting a medal annually to the member who had brought during the year the largest volume of produce.

Lalgudi Sivagnanam Agricultural Society, though registered as long ago as 1925, was content with agricultural improvement, through supply of seed and selected manures. It has on its rolls 139 individuals and 18 societies and has a paid up share capital of Rs. 1,875. Since February 1935, the bylaws have been adapted to provide for pledge of members' produce and the profitable sale thereof, fourteen loans were issued to the value of Rs. 4,097 on the security of 1948 bags of paddy. The society has its own excellent premises The Co-operative and Agricultural Departments have lent the services

of a junior non-credit Inspector and a Demonstrator respectively. The Society is in receipt of market intelligence. The Central Bank has given an overdraft accommodation of Rs. 5,000. So far it has not reduced its general interest rate on loans and the Central Bank may also raise its limit of accommodation to ten times paid up capital plus reserve fund. It maintains godowns at convenient centres. It has also recognised private godowns of ryots.

PART II.

SUGGESTIONS FOR IMPROVEMENT

Suggestions for improvement and expansion of Co-operative marketing have been made by me in the course of my description of the marketing of different commodities as well as in the brief descriptions of trading societies I have given. It only remains for me to summarise them.

I. (*i*) There ought to be some uniform policy pursued by central financing (district) banks towards trading societies in their areas, as regards helping with staff for propaganda, watching and recovery of crop loans and in inducing ryots to take their produce to the trading societies' warehouses.

(*ii*) The rate of interest on loans to trading societies may well be one per cent. lower than the rates charged to primary credit societies.

(*iii*) The ratio of the amount of loan to the paid-up-capital plus reserve fund may be uniformly ten times. Strictly speaking, there need be no limit since the loan should be covered by pledged produce.

(*iv*) Fluid money should be kept in warehouses to meet immediate needs—security being taken from the staff.

(*v*) Where, owing to existence of large overdues, fresh loans have been stopped, the Central Banks should see that crop loans are given to " redeemable " members in the "overdues societies." Experience has shown that fresh loans have helped the Central Banks to realise the old " overdues " as well.

(*vi*) The Central Banks should make use of Co-operative Unions for advice as to the suitable areas and even suitable individuals for issue of crop and cultivation loans on pledge of standing crop.

(*vii*) The crop loan taken from the Central Bank by the primary society (within the area covered by the trading society will be completely discharged by the Trading Society) converting the

crop loan into a produce loan—any surplus remaining being paid to the ryot as advance.

(*viii*) If the cultivators in a given area are unable to discharge the loans within the season, owing to general failure or occurrence of pests etc., extensions ought to be given until the next season. I have discussed this aspect with the Secretary of the S. Arcot Central Bank and he feels certain that the overdues of the previous year amounting to some Rs. 10,000 will be surely realised this year.

(*ix*) Recognising the difficulty of compelling the ryots to cart their produce to a central warehouse, suitable buildings in villages should be recognised by the Central Bank and the local panchayatdars must be requested to watch these godowns.

II. (*i*) On the Department, even more than the non-officials would, as things now stand, rest the future of marketing. For, non-officials sometimes develop a tendency to abandon institutions when some personal differences or factions occur—whereas the Department is not influenced by these considerations, but has only one object steadily to be kept in view, *viz.*, the well-being of the ryot. My friend, Mr. E. S. Ganapathi Aiyar, President of the Erode Society, is convinced that marketing should not depend solely upon honorary workers, who should be looked forward to only for effective supervision and control of the policy enforced. At present work suffers for want of a definite policy as regards marketing co-operation. I would suggest the holding of a conference at a very early date, of the Deputy Registrars of those districts where marketing societies exist with selected non-officials (at which the Registrar or Joint Registrar should be present) for formulating a plan of action for the immediate future and the sharing and appropriation of work between the official and non-official workers.

(*ii*) I would suggest the changing of the present cumbrous names of "Purchase, Loan and Sale" or "Co-operative Trading" into simple "Marketing" societies—as most of the institutions do mainly marketing work and the word, "marketing," is easily understood by the villagers.

(*iii*) In the early stages, at least in matters unessential, over-strictness in following the letter of the law should not be insisted upon. Marketing is trading pure and simple, and unless we follow the methods pursued by other business people—avoiding of course their questionable practices and speculations—we are not likely to

succeed. Once we have established our place, we can afford to be quite strict.

(*iv*) Rapid expansion of the movement will, in my opinion, be possible only with unceasing propaganda and the admission of the *larger ryots* as direct members of the trading society and issuing of loans to them—proper care being taken to safeguard the loan amounts and to keep watch. The bye-laws of the trading society should be suitably amended.

(*v*) The present proportion of the loan amount to the market value of the pledged produce is not uniform. It varies from 60 to 75 per cent. This may be made uniform. In Bombay the limit is 80 per cent. The Banking Enquiry Committee, I believe, has stated that it is one of the reasons why Madras has not made headway in marketing.

(*vi*) No audit fees should be collected from trading societies.

(*vii*) Lastly, the Department should endeavour to get the Commercial Crops Marketing Act (Madras Act XX of 1933) enforced in the important areas of our operations. The vagaries of the groundnut traders are many times worse than those of cotton. The enforcement of the Act will eliminate these mischievous elements and pave the way for our success.

(*viii*) One great difficulty as regards marketing of agricultural produce being transport, Government should come forward to subsidise at least the Marketing Federations for purchase of lorries as has been done in the case of Co-operative Milk Supply Unions.

(*ix*) If any co-operative marketing society comes forward to build its own godown, Government may help such an institution by placing any land such as poramboke at its disposal.

III. The help that the Provincial Co-operative Bank can render has been indicated by me already in the course of this report. It cannot do better than create a network of marketing societies in suitable areas and federate the existing ones to facilitate propaganda and information. There is a widespread belief in informed circles that district financing institutions are not fitted to finance marketing societies—the advantages of marketing will be tangible only when taken up by a central institution as it is alone competent to deal in large quantities and can afford facilities as regards pooling, transport, sale, negotiation etc.

A central institution alone can evolve a uniform policy. I am glad that in the present year's budget provision is made for a subsidy amounting to Rs. 10,000. The work of supervising marketing societies and of distribution of the sudsidies may be entrusted to a Special Committee, that will advise the Provincial Bank from time to time. There are Central District Banks, which are not in a financial position to render the necessary help to the trading societies in their jurisdiction; these areas have a preferential claim to the attention of the Provincial Bank over those under more prosperous Central Banks.

Co-operative Disputes and the Law of Limitation

By

R. SATYANARAYANA, B.A., B.L.

The Judgment of Mr. V. Sitha Ramayya, the Deputy Registrar of Co-operative Societies, Pudukottah, as reported in the *Madras Journal of Co-operation*, August part of 1934, raises very interesting questions of law. The question whether the law of limitation applies to the Co-operative disputes is of first rate importance, as it frequently presents itself for solution to those that have to decide disputes under the Co operative Societies Act. The decision in the judgment is that the law of limitation as contained in the Limitation Act is not applicable to the co-operative disputes. This view, it seems, has been gaining strength in some quarters which merely repeat the arguments of Mr. Sitharamayya.

If I have understood the reasoning aright there are three reasons given for the conclusion, namely (1) Limitation Act of 1908 applies to suits, appeals and certain applications to Courts. The Registrar and the arbitrator under the Co-operative Societies Act are not described as Court. (2) References under the Co-operative Societies Act cannot be called suits under Limitation Act. (3) The Registrar or the arbitrator in the Co-operative Societies Act is expected to decide cases according to justice, equity and good conscience.

It is necessary to have a clear general view of the special circumstances under which the Co-operative Societies Act came to be enacted. The Act of 1904 only recognised the corporate existence of the Co-operative Societies which could do only credit work with the aid of a simplified procedure. The Act of 1912 merely amended the then existing law relating to Co-operative Societies which were allowed to do other kinds of Co-operative work as well. The Act of 1932 is " An Act to consolidate and amend the law relating to Co-operative Societies in *the Presidency of Madras* giving certain facilities to the formation and working of the Societies," simply for the promotion of thrift, self-help etc. Therefore the Act of 1932 is only an enlarged addition of the Act of 1912 or 1904 with certain modifications suggested by the exigencies of the time and the knowledge gained by experience. It is on the Statute book to fulfil a special purpose. The Limitation Act on the other hand

is a general law emanating from the *Imperial Legislature* and also a *pre existing Act*. A Provincial Act cannot snap its fingers at an Imperial Act. A special enactment cannot ignore or infringe the provisions of a general enactment without a clear indication of such an intention in the Act itself, as held in a case reported in 61 Indian Cases 991. Thus, it is beyond the competence of the Co-operative Societies Act to whittle down the provisions of the Limitation Act, Transfer of Property Act, Stamp Act, or the Registration Act, unless special exemptions are expressly created in the local enactment. Sec. 3 of the Limitation Act unequivocably lays down that every suit instituted beyond the prescribed time shall be dismissed. There is no option left to the tribunal. The result shall be the same whether the defendant raised the plea of limitation or not. The language is quite plain and applies to the whole of British India and to all suits or proceedings instituted therein (*Vide* 9 Madras 118). The more reasonable view, it is submitted, would be that the law of limitation deals with the nature of the claim—call it suit, petition, proceeding or appeal—and not on the class of court. The Court only refers to a court in British India as separate from a Court in a non-British area. If the Evidence Act defines a court as not including an arbitrator, it is with a special purpose. The arbitrator is not expected to take evidence with all the restrictions or complications contained in the Evidence Act but can deal with the matter in controversy before him in a summary way. But summary trials also must be according to law. My view is a *Persona Grata* is also a Court. An arbitrator dealing with disputes becomes a judge and hence a Court. The Section applies to a case even though it is governed by a special or local law. That Section does not refer to "Court" as such. Section 29 (2) as amended by Act X of 1922 is plain enough, making Section 3 applicable to all claims under any special or local laws, "if a specific provision of time limit is not expressly made therein or if the normal time limit provided in the general law of limitation is not expressly excluded by the special or local law" (*Vide* 1929 Calcutta 325).

Besides the law of limitation is a distinct branch of law dealing with a time limit for the enforcement or extinguishment of certain kinds of claims or rights. It is not a law of procedure laying down the manner of enforcement of such rights. The period of recovery and the mode of recovery are different both in the case of individuals and corporate bodies. The simplified or the speedy mode

of recovery with a less complicated procedure is condusive to the better working of the Co-operative Societies and it is the only purpose for which the Co-operative Act exists. As the period of recovery of a claim has nothing to do with "the formation and working of a Society" (*vide* the Preamble of the Act) the Co-operative Societies Act cannot touch or effect the law of limitation. Thus it is unnecessary and also incompetent for the Co-operative Societies Act to abrogate the plain provisions of the Limitation Act. Also, it cannot be supposed that the Limitation Act does not control the Co-operative Societies Act. Where it was thought expedient to prescribe a lesser or greater period for enforcing a claim, Act VI of 1932, in its wisdom, has expressly laid down the period in the Co-operative Societies Act, namely, the liability to contribute in the case of members deceased or resigned. If the legislature had thought it advantageous to keep the claims under the Co-operative Societies Act perpetually alive against the members who may be individuals or societies, it would have given such an enlarged or unlimited period by a clear insertion with a simple stroke of the pen.

It is a matter of common knowledge that the Act of 1932 aims at promotion thrift and tries to see that societies do not incur more expenditure than what is absolutely necessary. The Act also provides a simplified procedure to be pursued by the societies which are mostly manned by rural people. It is not congenial for the growth of the Co-operative Credit Society and for the prosperity of the village agriculturists if they, like ordinary litigants, have to engage vakils, to pay heavy court-fees, to entangle themselves in the labyrinth of Civil Procedure and Practice from the trial court to the final court. The delay in civil justice is an open secret. It is often true that justice delayed is justice denied. Therefore Act VI of 1932 in order to spare the Societies or individuals from the trouble, worry, expense and long drawn-out litigation, provides a simple special procedure for the various disputes and a special tribunal to do justice. As the co-operative societies are corporations the suits or other proceedings by, or against the societies must adopt the forms laid down in the Code of Civil Procedure and must have recourse to the tribunals mentioned therein at various stages if a special form of action and a forum is not fixed by the Act.

As democratic institutes, the societies may have their election or other quarrels between members *inter se*, between the members and

office bearers, besides the ordinary money claims of the society against its individual members, past members, or non-members claiming through members. To comprise all these sorts of controversies the Act uses a comprehensive word "dispute." It must be by a reference or other proceedings. It should be instituted or started before the public officer styled Deputy Registrar. That judge or judicial tribunal as distinct from his administrative, audit, and supervising functions, tries the references himself or transfers them to an arbitrator for disposal, of course, according to law. Where it is only a money dispute the reference is called a claim. Even in suits in the Civil Courts the plaint which states the particulars of a claim is generally called a statement of claim. Act VI of 1932 simply bars the jurisdiction of ordinary Civil Courts of the Province in those matters, but the powers vested in these judicial officers are identical with those exercised by the judges in the Civil Court. The Act invariably refers to the "persons dispensing justice" or "disposing claims or disputes" as Registrars or arbitrators as distinguished from ordinary judges in Civil Courts. The Registrar or his nominee issues summonses, administers oath, records evidence, gives judgment, draws up a decree or award, executes the decree, exercises the functions of liquidation as a final trial court, execution court and insolvency Court with certain defined and specified rules of procedure. The judges under Act VI of 1932 are not fettered by the rules of evidence as contained in the Indian Evidence Act. Evidence Act is a law of procedure. Limitation Act deals with Substantive law. The arbitrator is not circumscribed by the technical rules of evidence or the complex rules Civil Procedure. There is no magic in the word "Court". If the ordinary Civil Court is a temple of justice the office of the arbitrator or the Registrar with the seizen of the subject matter of a claim or dispute is equally so. Many High Courts have held that proceedings before arbitrators are Civil Proceedings. They are Civil suits or Proceedings. As such they are governed by the law limitation. If any authority is required for this position, I need only refer to a case decided by the Judicial Committee and reported in A.I.R. 1929 P. C. 103.

The Act itself tersely says that the Registrar or the arbitrator should decide disputes according to justice, equity and good conscience. All will bow to that statement. But it does not mean that the Law of Limitation or any other substantive law should be

left to the winds. Justice requires a judge to hear the parties in the presence of each other, take all relevant evidence adduced, and bring the judicial mind to bear upon the facts. In short the judges are enjoined to hold an open, fair and full thorough summary enquiry into the matter involved in the controversy. As some High Courts have put it the Registrar or the arbitrator has a greater latitude to do justice than ordinary Civil Courts. Any arbitrator is the final judge of fact and law and more so the arbitrator under the Co-operative Societies Act under which the ordinary Civil Courts of the land are debarred from sitting in judgment over their decisions. Therefore in the interests of justice the arbitrator should take a greater responsibility upon him in arriving at a conclusion over matters or in adjudicating upon the rights of persons before him because an appeal or revision is provided for the aggrieved party against the decisions of ordinary Civil Courts and which are not provided under the Act of 1932. The Registrar or arbitrator is the substituted final tribunal and as such must act in conformity with the general law and not in defiance of it. The law of Limitation is law which limits the rights and remedies of parties and which says that though the right is there the remedy is barred. Where a remedy is barred the defendant or the person against whom the right is sought to be claimed gets a substantial right to resist the claim and free himself successfully from the liability. The plea of limitation is, after all not unholy, unethical. Equity or good conscience is not Religion or Ethics. Judges dealing out justice according to equity and good conscience will not and cannot ignore the law of limitation because they are expected to act on this side of the planet, from a judicial point of view and not from an Ethical point of view. For this reasons I would submit that the Law of Limitation governs the co-operative disputes.

Whatever it is, in the valuable words of Sir Lallubhai Syamaldas the grand old co-operator of India, co-operators should work the movement on 'Correct lines' by which we mean lines laid down by Legislature since so long as we are not able to find a better substitution we must consider legal methods as the correct ones to adopt my endeavour is only to present the other aspect of the case stated in the judgment referred to at the outset. Space forbids me to discuss the incidental consequences that directly or indirectly flow from an opinion, other than the one I have stated above, when pushed to its logical conclusion.

Co-operative Buying Clubs

By S. Subbarama Aiyar, M.A., Dip. Econ.

Buying Clubs are associations of buyers (or purchasers of goods who are ultimate consumers) who pool their demand for certain classes of goods they need, purchase them wholesale in the market and distribute them in retail to individual members. And when the principles of co-operative business are applied to this transaction, these take the form which the Rochdale Pioneers, the originators, of the British Co-operative Movement, adopted, viz., retaining the difference between the wholesale price and the retail price known as the surplus for creating capital, for common beneficial purposes, or for distribution as dividend to members according to the value of their purchases.

These are also the principles on which a Co-operative Store, as the term is understood in this country, is run. A Buying Club may be distinguished from a Co-operative Stores in the following way. Whereas the Store stocks goods which are likely to be in demand among its members on the assumption that it may depend on their loyalty to clear the stock, the Buying Club makes sure of its demand in the first instance by getting orders from the members and distributing the same in accordance with their indents. Each business transaction of a Buying Club in respect of each commodity is complete in itself, so that the supply exactly equates the demand; and the loyalty of members is made certain on each occasion before orders are placed in the wholesale market or production is undertaken on their behalf. The central, and to my mind the most important, idea underlying a Buying Club is that of an *association of persons*—a club—which is a preferable alternative to individualism and competition characteristic of capitalistic societies.

The successful working of a Buying Club implies that the members are dwelling sufficiently near one another and there are facilities for their mutual contact and communication. This means that the area of operations should be sufficiently small and if similar Clubs are started in a number of areas sufficiently near one another, the scope for wholesale purchase or production is enlarged. If the area is too large or the members are living wide apart, the Club loses its integrating social influence which is an essential part of it and the co-operative spirit among them cannot long be sustained.

The formation of a Buyers' Club may be said to be the first step in the establishment of a Co-operative Store. And when the spirit of association is sufficiently widespread among the members a Store may be opened and thereafterwards the former may continue to function as an auxiliary to the latter, instilling the co-operative idea in the minds of associating members.

I would like to illustrate the working of a Buying Club by describing the details of a small experiment conducted in two localities, Nungambakkam and Mambalam, two of the suburbs of the city of Madras, which are compact and which retain some of the essential features of village life and social organisation found in South India.

The first step taken in the formation of the Buying Clubs at Mambalam and Nungambakkam was to start a League—a Co-operators' League—with a view to enlighten the members in the principles and practice of the co-operative movement. It is not pledged to any particular line of thought or activity but provides a common meeting ground for co-operators of all shades of opinion and acts as a sort of intellectual clearing house in respect of their co-operative ideals and practice. The League holds a monthly meeting at which those who interest themselves in the intellectual side of the movement are present, listen to a talk on a subject of co-operative interest by one of them and a general discussion follows. This monthly meeting is regarded as of great importance, as that is the only means of focussing attention by a certain number on the problems that confront modern society of a business or social nature which require co-operative treatment. Incidentally a meeting of this nature promotes social feeling and provides a common platform irrespective of caste or creed.

As an off-shoot of these deliberations, a Buying Club, run on co-operative lines, was formed on the first of January 1934 in East Mambalam, a suburb of Madras. On that date forty-two bags of charcoal were distributed to twenty-five members at their houses. Since then a number of other articles have been included. These articles are being supplied on monthly, fortnightly, weekly and daily indent bases. The following is the present list:—

Monthly.	*Fortnightly.*	*Weekly.*	*Daily.*
Charcoal	Gingelly Oil	Butter	Milk
		Fruits	
Firewood	Oil cake	Vegetables	

The articles in each division can easily be increased as and when need arises.

The method of work as already explained is to ascertain and pool the demand of members in respect of these articles, purchase them at wholesale rates and distribute the same at retail prices and credit the balance to each purchasing member according to the value of the purchases made after setting apart a certain portion to the Reserve and Propaganda Funds. A list is sent round among the members at stated intervals in which each member notes down the quantity of his requirements dealt with by the Club. The total demand for each article is added up separately and the orders placed with wholesalers, arrangements being made by the Club to deliver the article at members' houses on specified dates. For this purpose the whole area is divided into as many convenient divisions as could be dealt with by a selected street-representative who looks after the double task of collecting indents and collecting money.

The primary object of these business transactions is to familiarise the members with the principles and methods of consumers'

co-operation. The Club also hopes to demonstrate the social utility of co-operation which aims at substituting *service* as the motive of business in place of profit, and honesty and truthfulness in dealings in place of dishonesty and untruthfulness which are rampant in capitalistic societies.

The membership of the above Club is confined to Thyagarayanagar, and though an autonomous body in so far as its business dealings are concerned with its own members, it is federated for the purpose of wholesale purchase with the sister institution working on similar lines, not far from the above place, the Nungambakkam Buying Club. The wholesale purchase of the two Clubs is made jointly but the retail side is completety separated. The result of this experiment, I hope, will afford a clue to the reform of the Triplicane Urban Co-operative Society, the premier Consumers' Store in India. Its several Branches could be made to function mainly as Retail Societies and a Federated Society could be established to function as a wholesale institution.

I shall conclude this brief article by making one or two general observations. From the business standpoint the experiment described above is a new way of tackling the marketing problem which is such a baffling one in modern economic life. The co-operative approach to the solution of that problem cannot be said to be free from difficulties, but it is claimed that it is a superior one as it substitutes, to use a technical phrase, *production for use*, in place of *production for exchange* which the capitalistic mode has created. The Co-operative method first makes certain of the demand; and from the surplus fund it creates, without effort, through the business of retailing to members sufficient capital which in course of time could be used to undertake production for members' use. The history of the British Co-operative Movement illustrates this.

Secondly the formation of Buying Club on co-operative lines may be regarded as one of the most effective means of rural reconstruction in India. India is and will be an essentially a land of small village industries and their only chance of successful survival is to recast the old village community as suited to modern conditions. One way of doing it would be for the members of each village to act together in production and exchange on co-operative lines. Machine made factory products have a place which could supplement and not supplant the product of rural industries. In the choice of products the Consumers organised in Co-operative Associations can supply the necessary guidance. Indian Rural economy has been from time immemorial evolved on the basis of production for use and this is exactly what the Co-operative method as evolved in the West claims to have discovered. In India today the old economic order stands completely, wrecked thanks to modern tendencies of world operation, and the only way of reconstruction is to adopt the co-operative method on the lines laid down by the Rochdale Equitable Poineers.

Registrar's Administration Report.

PART III.—DETAILED WORKING OF SOCIETIES.

Purchase, purchase and sale societies.

31. There were 79 societies under this class at the beginning of the year. Four societies were registered in the year, while the registration of eight societies was cancelled. Thus at the close of the year there were 75 societies. These societies are classified as follows :—

	No.		No.
1. Loan and sale societies ...	53	5. Milk Supply Union ...	1
2. Trading Unions	7	6. Miscellaneous	5
3. Agricultural improvement societies	7	Total ...	75
4 .Stores	2		

The purchases made by these societies amounted to Rs. 2,95,227, and the sales to Rs. 4,69,486. The following societies contributed to the bulk of the sales :—

	Rs.		Rs.
1. Tiruppur Cotton Sale Society	3,10,907	4. Anakappalle Loan and Sale Society ...	76,690
2. Madras Milk Supply Union	1,11,981	5. South Arcot Central Groundnut Sale Society	57,660
3. Kovilpatti Cotton Sale Society	89,470	6. Dharmavaram Loan and Sale Society ...	53,194

The South Arcot Central Groundnut Loan and Sale Society continued to market groundnut in the Cuddalore, Vriddhachalam, Tirukkoyilur and Kallakurichi Taluks. The Warehouses at Cuddalore, Tirukkoyilur and Vriddhachalam run under the guidance of the officers of the Agricultural department continued to make progress. The officers of the Agricultural and Co-operative departments carried on propaganda work in the area. The ryots had the benefit of fair weights and weighment at the warehouses. The three warehouses together sold 2,866 candies of groundnut for Rs. 57,660. The saving to the ryots is reported to range from Rs. 1-8-0 to Rs. 2-4-0 per candy.

The profits of some of these societies were Rs. 14,180 and the losses of others were Rs. 17,266.

During the year the need for co-operative marketing was brought home to the officers of the Department and they were instructed to explore the possibilities of co-operative sale societies in suitable centres in districts in their charge.

Of the loans given by Government to sale societies for construction of godowns, the following amounts were outstanding and overdue against each on the last day of the year :—

	Amount outstanding. Rs.	Overdues. Rs.
(1) Ambur Agricultural Improvement Society (North Arcot)	1,665	200
(2) Nandayal Loan and Sale Society (Kurnool)	1,090	...
Total ...	2,755	200

33. Under this class, there were 13 societies at the beginning of the year. Three milk-supply societies were liquidated. There were at the end of the year 10 societies composed of 7 milk-supply societies, 2 agricultural and industrial societies and one salt licensees society.

Production and sale.

Milk-supply Societies.—At the beginning of the year, there were 13 societies (10 in Chingleput classed as agricultural and 3 in Madras classed as non-agricultural). Three societies in Chingleput and one in Madras were cancelled in the year. There were nine societies at the end of the year. They had 361 members on the rolls with a paid-up share capital of Rs. 1,999. These societies supplied milk to the Madras Milk Supply Union to the value of Rs. 75,553 during the year.

The Madras Milk Supply Union.—The Union realized Rs. 1,11,981 by the sale of milk and milk products and earned a net profit of Rs. 2,411. It received about 663 measures of milk on an average per day and supplied 350 measures to State hospitals. The average daily sales at depots and by house-delivery were 254 measures.

The contract secured by the Union for the supply of milk to the Mental and the Women and Children Hospitals was continued by Government in the year. It completely repaid the balance of loan of Rs. 1,799 due to Government out of the loan of Rs. 15,000 taken by it for the purchase of motor lorries, etc. It paid the second instalment of Rs. 2,125 towards the excess expenditure incurred by Government for non-fulfilment of contract in the previous year. It has still to pay three more instalments. The Union is making steady progress. The question of the sanction of a loan of Rs. 75,000 to the Union for the purchase of the plant and buildings for pasteurising milk is still under consideration.

The Kallakurichi Agricultural and Industrial Society did no work this year also except leasing out its factories for Rs. 4,080. It had a profit of Rs. 1,002. The Udipi Agricultural and Industrial Society did some useful work in the year. It

Industrial Societies.

crushed sugarcane to the value of Rs. 6,800 and produced 3,904 maunds of jaggery and 213 maunds of sugar. It also hulled rice and extracted oil from cocoanuts, etc. The society earned a gross profit of Rs. 749. The total loss incurred by the society till 30th June last was Rs. 5,988. Attempts are being made to instal a bigger mill and a centrifugal for the manufacture of sugar.

Other forms.

34. There were 340 societies at the end of the year as against 349 at the end of the previous year. During the year 5 societies were registered and 14 were cancelled. These societies are distributed as shown below :—

1. Kudimaramut and irrigation societies ...	10
2. Agricultural demonstration societies ...	10
3. Land reclamation societies	12
4. Landholders' lease societies	8
5. Arbitration union	1
6. Agricultural improvements societies	12
7. Industrial and credit societies	2
8. Cotton growers society	1
9. Field labourers and tenants societies	284
Total ...	340

Societies for purchase, purchase and sale production, and production and sale.

36. The total number of societies under these classes at the close of the year was 200 as against 195 in the previous year. The classification of societies is as follows :—

Stores ...	61	Industrial and credit societies	2
School and College societies ...	89	Miscellaneous ...	10
Weavers' societies ...	27		
Fishermen societies ...	7		
Coir-workers' societies	2		
Milk supply societies in Madras ...	2	Total ...	200

These societies had on their rolls 21,118 members with a paid-up share capital of Rs. 3,13,067. The total working capital amounted to Rs. 10,41,669. The net profits made by some societies amounted to Rs. 43,027 and the loss incurred by the rest was Rs. 74,568. A short account of the work done by some of the important classes of societies is given below.

Stores.

37. These societies classed under "Purchase" had a working capital of Rs. 5·48 lakhs. In addition to the stock on hand at the end of the previous year valued at Rs. 2,57,346, they purchased goods worth Rs. 26,19,787 and sold goods for Rs. 26,27,991. Thus, there was stock worth Rs. 2,49,142

on hand at the end of the year. The profit earned by some of these societies amounted to Rs. 37,017 as against Rs. 39,707 in the previous year, while the loss sustained by the rest amounted to Rs. 35,746 as against Rs. 37,775.

The Triplicane Urban Co-operative Society with its 26 branches in the Madras City had on its rolls 5,735 members with a paid up share capital of Rs. 92,534. The society purchased goods to the value of Rs. 7,06,277 and sold goods for Rs. 7,93,200. It earned a profit of Rs. 7,208 in the year as against Rs. 5,392 in the previous year.

There were 89 students' stores at the end of the year as against 81 in the previous year. The following figures indicate the transactions of these societies during the year:—

	1932-33.	1933-34.
1. Members	4,319	3,814
2. Associate Members	9,070	8,833
	Rs	Rs.
3. Paid-up share capital	7,165	7,094
4. Value of books, stationary, etc., purchased	92,397	86,092
5. Value of articles sold	93,616	89,176
6. Stock on hand at the end of the year	21,656	19,677
7. Savings effected	6,896	6,723
8. Amount of bonus distributed from the profits of the previous year ...	2,972	3,211

Some of the societies earned a profit of Rs. 7,223 as against Rs. 5,651 in the previous year, while the loss incurred by some others amounted to Rs. 1,250 as against Rs. 785 in the preceding year.

Weavers' societies.

38. There were 27 societies exclusively for weavers. Of these, 17 societies remained dormant. The rest purchased raw materials worth Rs. 7,811 and from its members finished products to the value of Rs. 56,517. Finished products were sold to the public to an extent of Rs. 71,083. The working capital of all these societies was Rs. 1,08,695 while the profits earned by some of these societies amounted to Rs. 5,057 and the loss sustained by the rest was Rs. 2,409.

The Salem Weavers' Society continued to work in the year. The Senior Inspector deputed to work in the society continued as its marketing officer till January last, when he was replaced by a Junior Inspector. The society purchased from its members finished products worth Rs. 37,151 and realized Rs. 41,450 by sales. It earned a net profit of Rs. 2,098 as against Rs. 418 in the previous year. As a result of large credit sales in the previous years, heavy arrears remained to be

realized. The attention of the marketing officer had, therefore, to be concentrated on the work of realizing the heavy arrears besides pushing on sales. Owing to the general trade depression, the society had to limit the production of goods. The society continues to supply mainly to co-operative institutions and some leading firms in Madras. The only other society that did some useful work is the Coimbatore Devanga Weavers' Society.

The number of credit societies in which weavers contributed more than 60 per cent of membership fell further from 90 to 74 at the end of the year. They had a paid-up share capital of Rs. 60,045 and a working capital of Rs. 3,88,668. The profit and loss made by these societies were Rs. 11,669 and Rs. 14,049 in the year.

Industrial and credit societies.

There were two societies of this type in the Vizagapatam district at the beginning of the year. A third society was registered at Bobbili but it was subsequently cancelled as it could not start work. Two more societies were registered and started in the year in the Kistna district. In all, there were four societies at the end of the year for the manufacture of sugar. The societies at Etikopoka and Tummapala did not turn out any appreciable work in the year, partly because they started the manufacture of sugar late in the season and partly because the machinery did not work smoothly.

The Vuyyur Industrial and Credit Society started work in February last with a membership of 256 and a paid-up share capital of Rs. 38,819. The Madras Provincial Co-operative Bank sanctioned a loan of Rs. 10 lakhs for the purchase of machinery and the construction of buildings. The services of a Deputy Registrar and two Sub-Deputy Registrars were lent to this society since the close of the year for work as General Manager and for the scrutiny of documents relating to the landed properties of members tendered as mortgages to the society. The Provincial Co-operative Bank has, since the close of the year, disbursed a sum of Rs. 2·50 lakhs, out of the loan of Rs. 10 lakhs sanctioned to this society. The society paid Rs. 1·80 lakhs towards the cost of plant and machinery supplied by the firm of A. W. Smith & Co., of Glasgow. It has appointed a Civil Engineer for working the plant. The work of this society will be watched with interest.

Insurance societies.

39. There were two societies in this class at the end of the year.

The South India Co-operative Insurance Society, Madras.

This is the third year of the working of this society. At the end of the year under report, there were 1,311 members with a paid-up share capital of Rs. 42,999 as against 605 members with a share capital of Rs. 41,111 at the end of the previous year. Of the 1,311 members, 35 were co-operative societies and the rest individuals. At the beginning of the

year, there were eleven proposals for policies amounting to Rs. 15,000 pending acceptance. One thousand and sixty-one proposals for policies amounting to Rs. 8,81,950 were received during the year. Of these, 1,034 proposals for Rs. 8,58,750 were accepted and 28 proposals to the value of Rs. 28,250 were rejected. Thus, at the end of the year, 10 proposals for policies amounting to Rs. 9,950 were pending acceptance. Eight hundred and sixteen policies for Rs. 6,66,850 in all were issued during the year as against 489 for Rs. 4,62,700 in the previous year. Two policies for Rs. 2,000 were paid in the year on account of the death of the holders. At the end of the year, there were 1,453 policies for an assured sum of Rs. 13,00,350 as against 635 policies for Rs. 6,31,700 at the close of the previous year. A premium of Rs. 47,119 was collected in the year as against Rs. 22,582 in the preceding year. To the thirty-five local boards working at the end of the previous year, four were added in the year. Thus the total number of local boards constituted in several centres to canvass business was 39 at the end of the year. Of the 816 policies to the value of Rs. 6,66,850 issued during the year, the Telugu districts contributed a business of Rs. 4·27 lakhs, the Tamil districts Rs. 1·80 lakhs, West Coast Rs. 0·38 lakh and Madras City Rs. 0·22 lakh. It is gratifying to record that the society continued to make satisfactory progress in the year.

The other society included in this class is the Postal R. M. S. Mutual Benefit Fund, Madras. On the 30th June 1934, it had 2,711 members with a paid-up share capital of Rs. 39,498 as against 2,401 members with a share capital of Rs. 41,266 in the previous year. During the year the society realised Rs. 1,47,732 by way of premium as against Rs. 1,35,498 in the preceding year. Claims actually paid in the year on account of death and maturity of policies amounted to Rs. 78,400 as against Rs. 89,701 in the previous year. The total life assurance fund at the close of the year was Rs. 3,30,511 as against Rs. 2,50,121 in the previous year. Claims admitted or intimated to the extent of Rs. 23,085 remained unpaid on the last day of the year as against Rs. 26,722 at the end of the previous year. The society has deposited with the Controller of Currency post office cash certificates and other Government securities to the value of Rs. 1,45,077 as against Rs. 97,341 in the preceding year.

Other forms (building societies).

40. Of the total number of 167 societies in this class, 114 were building societies. Their progress is indicated in the following statement:—

	1932-33.	1933-34.
Number of members ...	3,878	3,808
	Rs.	Rs.
Paid-up share capital ...	9·45 lakhs.	8·75 lakhs.
Net profits or loss ...	+89,602 —10,329	+64,086 — 8,585

	1932-33.	1933-34.
	Rs.	Rs.
Loans outstanding to Government	19·84 lakhs.	17·45 lakhs.
Number of houses (completed)	1,531	1,573
	Rs.	Rs.
Estimated value ...	45·64 lakhs.	44·25 lakhs.
Number of houses under construction	71	48
	Rs.	Rs.
Estimated value	1·81 lakhs.	1·28 lakhs.

A sum of Rs. 7,645 under principal and Rs. 5,834 under interest were overdue in respect of Government loans as against Rs. 13,384 and Rs. 7,621, under principal and interest respectively in the previous year. The societies in the Guntur and Kistna districts chiefly contributed to these overdues.

A sum of Rs. 27·22 lakhs was outstanding against members. Of this, Rs. 2·95 lakhs under principal and Rs. 1·10 lakhs under interest were overdue at the close of the year as against Rs. 3·70 lakhs and Rs. 1·35 lakhs under principal and interest respectively at the end of the previous year. Though there is some improvement in collections, the position cannot be said to be satisfactory. In the departmental conference held in November 1933, my predecessor emphasised on the Deputy Registrars the imperative need for giving personal attention to the recovery of the heavy arrears due to Government.

Depressed and backward classes societies.

42. On the 30th June 1934 there were 2,776 societies formed specially for the Adi-Dravidas, Adi-Andhras, Fisherman, Kallars and other backward classes as against 2,905 on the last day of the previous year.

In G. O. No. 918, Development, dated 29th July 1933, the Government sanctioned the continuance of the scheme of supervision by the Madras Christian Central Bank of depressed class societies in the districts of Guntur, Chingleput and Guddapah for another year from 1st July 1933. The government also granted a subsidy of Rs. 1,600 a month to meet the cost of the staff employed for the purpose. The request of the Bank to waive the recovery of the excess subsidy of Rs. 1,633 paid for the year 1932-33 and to sanction an increased subsidy of Rs. 1,800 per month was negatived by Government. The Government also ordered that the experiment should be terminated on 30th September 1934. The supervision of these societies has since been taken over by the department from 1st October 1934.

The societies are financed chiefly by the Madras Christian Central Bank. The overdues to the Bank on 30th June 1934 amounted to Rs. 3,21,219 under principal and Rs. 15,916 under interest as against Rs. 3,32, 453 and Rs. 11,764 under principal and interest, respectively, in the previous year. The percentages work out to 52·17 under principal

and 20·78 under interest as against 53·92 and 15·93 respectively in the previous year.

The following statement shows the transactions of these societies:—

Particulars.	Societies under Co-operative Department.	Societies under Kallar Special Officers.	Societies under Fisheries Department.
Number of societies ...	2,341	357	78
Number of members ...	121,260	20,892	3,110
	Rs.	Rs.	Rs.
Paid-up share capital ...	7,54,991	1,11,178	69,078
Deposits from members ...	1,04,854	162	18,949
Deposits from non-members and loans from Central Banks ...	10,15,832	5,566	34,558
Loans from Government ...	2,73,437	2,48,586	...
Reserve fund ...	4,35,064	1,06,867	36,090
Working capital ...	25,84,178	4,72,339	1,58,675
Divisible profit ...	72,011	22,560	6,807
Loss	1,84,885	9,405	15,546

At the end of the year, a sum of Rs. 55,785 was overdue from societies in charge of this department in respect of loans amounting to Rs. 2,73,437 due to Government. The Kallar societies in charge of the Special Kallar Officers were in arrears of Rs. 1·06 lakhs out of Rs. 2·49 lakhs due to Government.

Societies for hill tribes.

43. There were 112 societies under this class, one in North Arcot, 69 in the Nilgris, 10 in Salem, and 32 in the Ganjam, East Godavari, and Vizagapatam agencies including stores and other societies. The one society in North Arcot registered for the benefit of the hill tribes in Javadi hills is dormant. The societies in the Nilgris were started for the exclusive benefit of Badagas, Todas and Kotas. These 69 societies had a membership of 3,006 with a paid-up share capital of Rs. 16,727. The Agency societies had 7,798 members on their rolls with a paid-up share capital of Rs. 53,700 at the end of the year as against 7,629 members with a paid-up share capital of Rs. 49,475 in the previous year. These societies purchased outright the requirements of their members to the value of Rs. 26,773 as against Rs. 11,503 in the preceding year and distributed the articles to members. They purchased members' products to the value of Rs. 4,846 for sale to the public. The societies are progressing fairly satisfactorily. The societies in the Salem district are formed for the benefit of Koravars.

Societies for joint cultivation of land and purchase of house-sites.

44. The total number of societies for joint cultivation and for the purchase of house-sites was 788 as against 809 in the previous year. They had 33,041 members on the rolls on 30th June 1934 as against 35,299 on 30th June 1933. Thirty-eight thousand nine hundred and fourteen acres of land were in the enjoyment of members at the beginning of the year. They obtained 372 acres of land for cultivation and abandoned 1,463 acres in the year; thus, at the end of the year there were 37,823 acres of land in the enjoyment of members. Land revenue collected from members was Rs. 1·62 lakhs and that paid to Government was Rs. 1·61 lakhs. A sum of Rs. 3,642 was collected from members, out of which Rs. 2,965 were paid to owners towards the lease. The members of these societies held 13,037 house-sites at the end of the year and 10,581 houses were constructed. These societies issued loans to the extent of Rs. 1,80,915 in the year and recovered Rs. 1,56,425. A sum of Rs. 5,16,530 was outstanding against members on the last day of the year.

In the thirteen districts, some of the credit societies undertook the joint purchase of members' requirements, such as agricultural requirements, manure, rice, cloths and other articles to the extent of Rs. 1,42,819 thereby saving Rs. 9,347 to their members. The societies in the Trichinopoly and Kistna districts and in Madras were responsible for the purchase of articles worth Rs. 97,764, Rs. 19,874 and Rs. 12,099 respectively.

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Scheme, if any, for the Revival of Rural Industries.

503 Q.—Mr. P. V. Krishnayya Choudari: Will the Hon. the Minister for Education and Excise be pleased to state whether the Government have any schemes under consideration for the revival of village industries or the starting of any new cottage industries for rural uplift?

A.—The Government of India have agreed to make a grant to the various provinces for a period of five years to develop the handloom weaving industry through co-operative methods. The grant allotted to this Presidency for the current year and for 1935-36 is Rs. 26,500 and Rs. 59,500 respectively. The Government have formulated a scheme for the utilization of the grant and have forwarded it to the Government for India for approval.

The Government of India propose also to give a grant to be devoted to the increased production and supply of disease free 'cellular' seed to silkwork rearers in this Presidency and also for research on silkworm diseases. A scheme for this purpose also has been drawn up and sent to them for consideration.

Mr. P. V. Krishnayya Choudari:—"May I know whether the Government are prepared to place this scheme before the House?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar:—"The scheme is still in the stage of certain proposals and they have been submitted to the Government of India. Till the Government of India have expressed an opinion on the these proposals of this Government, I do not think any useful purpose will be served by placing this provisional scheme before the House."

Mr. P. V. Krishnayya Choudari:—"At least after approval by the Government of India, will the Government be prepared to place it before the House?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar:—"I shall consider."

Mr. Abdul Hameed Khan:—"May I know if the Government are aware of the latest communique by the Government of India with regard to the improvement of village industries in the country?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" That is not a matter which comes within my cognizance."

Diwan Bahadur C. S. Ratnasabhapati Mudaliyar :—" Considering the importance of this question, will the Local Government be pleased to provide more liberal grants for the purpose ?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" That question has never been considered and I consider it very unlikely that this Government will be able to do so."

Diwan Bahadur C. S. Ratnasabhapati Mudaliyar : " As the current year will be over in about two months from now, will the Government be able to spend this sum of Rs. 26,500 allotted for this year?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" If the proposals are approved by the Government of India in time, I think it may be possible."

Mr. Abdul Hameed Khan :—" May I know whether the Provincial Government have taken any steps with regard to the scheme of rural industrial improvement that has been adumbrated by Mahatma Gandhi and whether they have taken any steps for counteracting those activities or bring in a measure for counteracting them ? "

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" As I said, Sir, that is not a subject which comes within my portfolio at all."

Mr. V. M. Ramaswami Mudaliyar :—" Sir, I am afraid the Government have not answered this part of the question, *viz.*, whether they have any scheme for starting rural cottage industries. May I ask whether they have any scheme at all?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—There is no doubt a scheme; though of course the Government of India subsidise it, it is a scheme carried out by this Government."

Mr. V. M. Ramaswami Mudaliyar :—" May I ask whether the Government contemplate the starting of new cottage industries or of assisting old cottage industries like the handloom weaving industry ?"

The Hon. Diwan Bahadur S. Kumaraswami Reddiyar :—" It is old industries that are going to be helped."

30th January 1935.

Community of the members of the establishment of the office of the Deputy Registrar of Co-operative Societies, Ganjam.

*594 Q.—Sir A. P. Patro: Will the Hon. the Minister for Public Works be pleased to state—

(*a*) the number of Sub-Deputy Registrars in the Ganjam District and to what community they belong; and

(*b*) to what community the following belong in the Deputy Registrar's Office :—

(1) Non-credit Senior Inspector ;
(2) Head clerk of the Deputy Registrar's Office ;
(3) The Establishment clerk ;
(4) The Audit clerk ;
(5) Arbitration clerk ;
(6) Execution clerk ;
(7) Despatch clerk ;
(8) Execution Officer ; and
(9) Audit Inspectors ?

A.—(*a*) There is one post. The present incumbent is a Brahman (Oriya.)

(*b*) (1) Brahman (Telugu).
(2) Do. (do.)
(3) Do. (Vaishnavite).
(4) Do. (Telugu.)
(5) Do. (do.)
(6) Non-Brahman (Telugu.)
(7) Brahman (Vaishnavite.)
(8) Do. (Oriya.)
(9) There are eleven Audit Inspectors of whom three are Brahmans, seven are Non-Brahmans and one is an Indian Christian.

The Inspector for execution work and the Inspectors for audit are not working in the Deputy Registrar's Office : they are on executive duty.

25th February 1935.

General discussion of the Budget for 1935-36.

The Hon. Mr. P. T. Rajan :—"Sir coming to the points raised by Hon. Members, my friend, Mr. V. I. Muniswami Pillai, said that officers in the Co-operative Department have not been favourable to the depressed classes for the reason that the Depressed Classes Federation was not registered by the Registrar of Co-operative Societies. Sir, I cannot say off-hand what exactly has happened, but if the Registrar has not registered the Federation, it is open to them to put in an appeal to the Government who will certainly go into the matter very carefully and if valid reasons are not given by the Registrar, surely Government will consider the case with sympathy. He then referred to the Marketing Officer having visited Ooty and having met members of societies and not individuals. I believe the officer went there at the invitation of the potato growers associations and he met them there. I believe he has taken steps to see that manure was made available to the potato growers

of those societies. When the Marketing Officer visits the Nilgiris next time, he will take the opportunity to meet all those interested in agriculture and especially members of this Council.

"Sir, my Friend, Mr. R. Srinivasan, referred to the present state of the co-operative societies meant for the depressed classes. Government are treating them with every possible consideration, and as has been pointed out by my Hon. Friend, the Home Member, those depressed class societies, except the Kallar societies, have been transferred to the Co-operative Department so that department will do all that is possible through the officers of the department who have got special training in such work.

"Again, Sir, some of the members referred to lack of programme, for instance, a five-year or ten-year programme, and instanced the case of Soviet Russia, Italy and Germany. My Hon. Friend, the Leader of the Opposition, also referred to the use of electrically treated plants with reference to agriculture in Russia. Most of the Members seem to forget the fact that this Government is a subordinate Government, and as such, in the first instance, have no control over the tariffs and secondly, freights. It must be remembered that in those countries they have got at the helm of affairs, men who issue their fiat and see that it is carried out. Here it is very difficult. As a matter of fact, I have been persuading some of the leading ryots to try and carry out agricultural operations in certain villages on a community and co-operative basis and people are not willing to come forward, though they have been offered assistance both by the Departments of Agriculture and Co-operation. As such, it is very difficult, unless Government are in a position to force people to do what is best for them, to achieve results in a short time. It is a question of persuasion, and I can assure Hon. Members of this House that the officers of the Agricultural Department and the Co-operative Department are doing their level best to induce people to go in for better methods of agriculture, better seeds, etc.

"There is one other point to which I should like to refer briefly and that is the position of the Co-operative Department. Stress was laid on the lack of non-credit activities of the movement. It is true, even on the credit side of the movement, the whole difficulty seems to be that proper men do not come forward to work these societies. As a matter of fact, most of the Central Banks have asked Government to lend the services of their departmental officers. And in such of the non-credit activities as have been started with the help of the Government, so long as Government officers were doing the work, they functioned properly and the moment Government control was withdrawn, those societies ceased to function. So, it will be seen that it is the difficulty of want of

men that stands in the wav of the movement being put to greater use than anything else. I would only request Hon. Members to give their co-operation and if they say in what directions things should be done, taking into consideration the local conditions, I will be only be too glad to consider their suggestions and give effect to any such programme which will go to better the lot of the agriculturists of this province."

26th February 1935.

Period of enquiry by the Deputy Registrar for registration of a Society.

*736 Q.—Mr. V. G. Vasudeva Pillai :—Will the Hon. the Minister for public Works be pleased to state the average period taken by the Deputy Registrar for enquiry for registration of a society ?

A.—It is not possible to give any definite information on the point. The time taken must obviously depend on the nature of each case.

Diwan Bahadur C. S. Ratnasabhapati Mudaliyar :—" May I know whether the Hon. the Minister is aware that this department takes considerable time in giving recognition to societies and passing orders ?"

The Hon. Mr. P. T. Rajan :—"I cannot say."

Mr. Basheer Ahmed Sayeed :—" May I know whether the Hon. the Minister is in a position to say as to the normal time that is taken for such enquiries ?"

The Hon. Mr. P. T. Rajan :—" I cannot add anything to more what has been already said."

Mr. Basheer Ahmed Sayeed :—" May I know whether it is not a fact that the department makes inordinate delay and it is very desirable that the Hon. Minister should lay down certain rules or conventions that enquiries should be finished within a certain time ?"

The Hon. Mr. P. T. Rajan :—No rules can be laid down. It all depends upon the nature and amount of work."

Mr. Basheer Ahmed Sayeed :—" May I know whether any rules are observed in the department as to the disposal of these files, whether there is any time-limit within which disposals ought to be made with regard to certain files ?"

The Hon. Mr. P. T. Rajan:—"I could not follow the Hon. Member."

Diwan Bahadur C. S. Rathnasabhapati Mudaliyar :—"May I know whether the department will expedite enquiries with regard to new societies?"

The Hon. Mr. P. T. Rajan :—"They will take time to make enquiries and see whether the society if registered can function properly."

Refusal of permission to Co-operative Societies in famine areas to open Grain Stores.

737* Q.—Mr. G. Rameswara Rao :—Will the Hon. the Minister for Public Works be pleased to state—

(*a*) Whether the Registrar of Co-operative Societies turned down a proposal for starting grain stores in famine areas by co-operative societies therein, to supply grain to the poor people at cost price; and

(*b*) if so, why ?

A.—(*a*) & (*b*) The proposal referred to was not approved by the Registrar because, after consulting the Collector, he considered it unnecessary in view of the relief afforded in the same direction by Government and by the Relief Committee and also for the reason that additional agencies would only tend to complicate the situation.

Mr. G. Rameswara Rao :—" May I know if a society is organized by private agencies who propose to sell grain at less than the cost price why Government does not lend a helping hand ?"

The Hon. Mr. P. T. Rajan :—" I have no information on the subject. I believe the District Collector is the person who deals with that."

Mr. Basheer Ahmed Sayeed :—" Is it the opinion of the Hon. Minister that there should be no additional relief accorded to these people suffering in the famine areas ?"

The Hon. Mr. P. T. Rajan :—" The question is whether co-operative societies should function in this matter. It is not whether the relief is sufficient or not."

Mr. Basheer Ahmed Sayeed :—" May I know whether if the co-operative societies would add to the relief that is now afforded by the Government, Government would be against it ?"

The Hon. Mr. P. T. Rajan :—" If the co-operative societies could add to the relief, certainly the Registrar will see that it is done."

Mr. T. S. Ramaswami Ayyar :—" Is it the opinion of the Hon. Minister that co-operative societies are not fit to take up these things ?"

The Hon. Mr. P. T. Rajan :—" That is not my opinion, Sir."

Mr. G. Rameswara Rao :—" May I put it to the Hon. Minister that the help of co-operative societies and non-official agencies is required only when the department cannot lend their helping hand ?"

The Hon. Mr. P. T. Rajan :—" Government has to be guided by the advice of the Registrar of Co-operative Societies."

Conferences.

XIV SESSION OF THE CENTRAL BANK'S CONFERENCE.

(Held on Saturday the 23rd March 1935 at 12 Noon at the Madras Provincial Co-operative Bank Ltd., Mylapore).

Twenty Eight Central Banks including the Provincial Bank were represented by their delegates.

Mr. T. Austin, I.C.S., Registrar of Co-operative Societies and Dewan Bahadur K. Deivasikhamani Mudaliar, Joint Registrar of Co-operative Societies, were present on invitation.

Mr. V. Ramadas Pantulu proposed Dr. P. Gurumurthi as the Chairman, which being duly seconded, was unanimously carried. Dr. Gurumurthi took the Chair.

Subject No. (1). Permission to treat the debentures of the Madras Co-operative Central Land Mortgage Bank, Ltd., as fluid resource.

Resolved to request the Government to treat the debentures of the Land Mortgage Bank on the same footing as Government paper for purposes of fluid resources of co-operative banks, because the Central Banks and the Provincial Bank have agreed to lend and have already been lending on the strength of these debentures, and the marketability of the same is also assured, as the local Government have guaranteed both the principal and interest on these debentures.

Subject No. (2). It was resolved that the Reserve Bank of India and the Imperial Bank be requested to allow cash credits on the security of the debentures of the Central Land Mortgage Bank, Ltd.

Subject No. (3) Not moved.

Subject No. (4) Reduction of Audit Fees. As subjects Nos. (4) and (12) on the agenda refer to the same subject at issue, they were moved together. It was resolved to request the Government, through the Registrar, to reduce the audit fees levied by the Government for the audit of the accounts of the co-operative societies.

Subject No. (5). Nos. (5), (9), (18) and (19) refer to the same subject at issue and so there were considered together, and the following resolution was passed:

Resolved to request the Government to reconsider G. O. No. Mis. 1488 dated 29-10-34 with regard to the consideration of the undrawn portion of the cash credit granted by the Provincial Bank being treated as fluid resource.

Considering the status of the Provincial Bank and its capacity to meet the requirements of the cash credit granted to the Central Banks, as

its own cash credit has been obtained on the strength of the Government paper, the Government will be pleased to treat the cash credit accommodation given by the Provincial Bank to Central Banks on the same footing as that obtained by the Central Banks with the Imperial Bank. Refusal of the Government to treat the cash credit of the Provincial Bank on the same basis as that granted by the Imperial Bank will result in the Central Banks seeking for cash credit accommodation mainly with the Imperial Bank, and as such, limit the usefulness of the Provincial Bank to the movement for which purpose it has come into existence.

Subject No. (6). Exemption from the payment of fees for procuring encumbrance certificates.

Resolved that the Government be requested to issue orders so that that grant of encumbrance certificates be given free to the co-operative societies, as is done in the case of primary land mortgage banks.

Subjects Nos. (7) & (20). Reduction in the lending rate of the Provincial Bank.

It was moved that the lending rate on loans of the Madras Provincial Co-operative Bank be reduced from 4½ per cent to 4 per cent Mr. Subba Rao pointed out that if insistence was placed on the above request, it will become necessary for the Central Banks to reduce their rate of interest on deposits to 3½ per cent. On this explanation being offered, the proposition was not pressed.

Subjects Nos. (8) and (21). Resolved that the Madras Provincial Co-operative Bank be requested to charge the same rate of interest on cach credits granted to Central Banks either on co-operative paper or on Government paper.

Subject No. (9). The request to grant short term loans on the strength of the Reserve Fund of Central Banks was withdrawn.

Subject No. (10). Not pressed.

Subject No. (11). Resolved that the Government be requested to modify G. O. No. 5210, L. & M., Press, dated 13-12-33 and vest complete discretion in the Registrar of Co-operative Societies with regard to the acceptance of Local Board deposits by Central Banks.

Subject No. (13). Resolved that the Government be requested to place at the disposal of each Central Bank sufficient number of co-operative officers for the speedy disposal of disputes and execution of decrees and thereby stimulate collection work.

Subject No. (15). Appropriation of the assets of liquidated societies—Proposition by the Christian Central Co-operative Bank. Not moved.

Subject No. (16.) Representation on the Board of Management of Central Banks to its depositors—Not pressed.

Subject No. (17). Registrar's circular D. Dis. No. 966-35 dated 19-2-35 re: the reduction in the rate of penal interest charged by primary societies. Not pressed.

Subject No. (22). Reconsideration of G. O. regarding Local Board deposits. Not pressed.

Subject No. (24). Amalgamation of more Central Banks than one in a district.

This Conference is of opinion that where there is more than one Central Bank in a district, they may be amalgamated into a smaller number with the consent of the Central Banks.

Subject No. (25). Facilities for discount of co-operative paper in the Reserve Bank.

Resolved that the Reserve Bank be requested to make provision for discount of co-operative paper by them.

The Chairman, in winding up the proceedings, thanked the members for their informing discussion and co-operation.

With a vote of thanks to the Chair, the meeting was dissolved.

P. GURUMURTHI,
Chairman.

HYDERABAD URBAN SOCIETIES CONFERENCE.

A conference of urban societies in the Hyderabad State was held on the 18th and 19th of March last at the Town Hall, Public Gardens, Hyderabad. In connection with the conference an exhibition also was arranged of articles produced by co-operative societies in the State. Maharaja Sir Kishan Prasad Bahadur, President of the Executive Council, opened the exhibition and the conference in a brief and appropriate speech in Urdu. Mr. Govinda Rao Nanal, Chairman of the Reception Committee, who also spoke in Urdu, expressed the opinion that the co-operative movement had not made as much progress in India as it ought to have made, because in all parts of the country more attention had been paid to rural than to urban co-operation. He urged the formation of a central bank for serving the societies in Hyderabad city and its suburbs.

PRESIDENTIAL ADDRESS.

Mr. S. M. Azam, Principal, City College and Vice-President of the Hyderabad Co-operative Dominion Bank, who presided over the conference, observed in the course of his presidential address that the co-operative credit societies in India, which were modelled on German societies, had failed for a variety of reasons. Firstly, financial accommodation was not given by the societies promptly and without formalities as was given by the *sahukars*. Secondly the indebtedness of the ryot had become chronic and colossal owing to his ill-judged expectations. Thirdly, the indiscriminate use of what was intended to be short-term

money for long-term purposes, defective property statements, proved defalcations and misappropriations and the unsatisfactory nature of supervision and control were largely responsible for the bad way in which the movement throughout India now found itself. Fourthly the world-wide economic depression had crushed the Indian cultivator almost beyond all hope of relief and recovery. Lastly the officials in charge of the movement had become scared into inactivity, pinning their faith now only in rectification and consolidation and but little expansion.

The remedy for this lay, he said, in revivifying the movement and seeing that the ryot was enabled to get not merely credit accommodation for his seasonal requirements, but that with the help of better methods he got more produce from his land and was able to market the same on profitable lines. Suitable cottage industries should be established as subsidiary occupations to engage the ryot in the slack season. But the first and main thing to be done was to relieve the agriculturist from his prior debt Co-operation alone could not accomplish this. The problem was really one for the Government to undertake. In this connection he commended the example of Bhavanagar State, which, after an intensive economic survey, had passed legislation for the complete wiping out of the total indebtedness of its agricultural population amounting to nearly one crore of rupees in the short space of five years. But if the Governments concerned were not prepared to undertake the gigantic task of the redemption of the entire agricultural indebtedness, they should at least make good the losses sustained by the financing institutions in their dealings with rural societies on the moral assurance held out to them by their officers about the perfect safety and solvency of the village societies. On a rough computation a grant of Rs. 7 to 8 lakhs would be required in Hyderabad State in this direction. He urged that the movement must be helped at all costs to extricate itself from the morass in which it had fallen and resume its normal and healthy activities for the betterment of the agriculturist.

After dealing with the working of Co-operative Societies and giving suggestions for improvement, Mr. Azam urged the starting of thrift societies, co-operative insurance societies, a central banking organisation for meeting the requirements of urban credit and stores and housing societies. Adverting to the problem of education in co-operation, Mr. Azam urged that the Central Co-operative Union in the State should be essentially a non-official organisation. He hoped the Union would be able to start ere long a Co-operative Training College for imparting higher training in the principles and practice of co-operation. Before concluding his address, Mr. Azam stressed the need for women playing a great role in the co-operative movement and hoped the All-India Women's Conference would give the necessary lead in this matter.

RESOLUTIONS.

The resolutions passed at the conference recommended that:

All co-operative societies in the city and suburbs of Hyderabad should utilise the Baldia Bank as their Central bank and should strengthen its resources in consultation with the Registrar.

Out of the net profits of societies, a rebate not exceeding 20 per cent of the interest paid should be given to members who are punctual in the repayment of their loans.

The contribution to the Reserve Fund from the net profits of societies should be reduced from 25 per cent to 15 per cent.

A school of economics should be started in the Usmania University with special importance attached to Co-operation.

A central depot, assisted by Government and manged by co-operative societies, should be started at Hyderabad for supplying agricultural implements, seeds, fertilizers and etc., to depots in the districts.

A co-operative insurance society should be started for the State, for meeting the organisation expenses of which the Government should make a grant of Rs. 5,000.

With a view to promote co-operative housing in Hyderabad and Secunderabad, a co-operative housing bank should be started at Hyderabad, and Government should be requested to finance the bank adequately by giving it long term loans at 3 per cent interest.

THE FIFTH WEST GODAVARI DISTRICT CO-OPERATIVE CONFERENCE.

The fifth session of the West Godavari District Co-operative Conference was held at Vatlur on the 30th of March last under the auspices of the Vasantavada Local Co-operative Union. Mr. Kala Venkatarao Pantulu, Secretary of the Konaseema Co-operative Central Bank, presided.

Mr. S. Satyanarayanamurthi in welcoming the delegates to the Conference traced the growth of the Co-operative Movement and the problems with which co-operators in India were faced. He made a number of suggestions for improving the existing state of affairs in co-operative societies.

Mr. Venkata Rao, in the course of his presidential address delivered in Telugu, observed that capitalism which was ruling the world to-day, had proved useless for improving the economic condition of this country. He believed that the co-operative system was better suited to Indian conditions than socialism. Referring to the present economic depression, he observed that the position of the ryot would have been far worse but for the existence of co-operative societies. He favoured decentralisation

of the co-operative movement even though it should involve some extra expenditure. He finally requested the delegates to do propaganda for the starting of non-credit societies of different types in the District.

Mr. N. Satyanarayana, Joint Secretary of the Madras Provincial Co-operative Union, delivered in the night a magic lantern lecture on the benefits of co-operative societies and on agricultural subjects. The District Health officer arranged similar lectures on the health of babies. The more important of the resolutions passed at the Conference are mentioned below.

RESOLUTIONS.

The Conference urged the abolition of the rule of collecting half-encumbrance certificate fee and registration fee from the societies' customers. The Central Banks were requested to give loans payable in 10 years, if due security was furnished.

The Conference requested the Deputy Registrar of Land Mortgage Banks to establish a primary Land Mortgage Bank in the Chintalapudi taluk.

The Central Land Mortgage Bank authorities were requested to increase the term of the loans given by the Primary banks to 30 years, and fix the rate of interest charged by them on the Primary Banks at 1 per cent more than the interest they got on their Debentures.

The Conference requested the Central Co-operative Banks and the authorities to fix the borrowing capacity of the members, not on the status and capacity of the Primary Banks, but on their own personal property and status.

Resolutions were also passed requesting the co-operative societies to do also business other than banking, appealing to them to encourage swadeshi goods, requesting the Government to establish a separate provincial bank for the Andhra districts, asking the co-operative societies to contribute their mite to the Ceded Districts Famine Relief Fund, requesting the Government to introduce co-operative text books in schools to encourage co-operative ideals, and suggesting that Deputy Collectors should be invested with powers under the Co-operative Societies Act as before.

THE FOURTH ANDHRA PROVINCIAL CO-OPERATIVE CONFERENCE.

The fourth Andhra Provincial Co-operative Conference was held on the 14th April last in the Museum Hall at Rajahmundry under the presidency of Diwan Bahadur T. Raghaviah Garu, C. S. I., Retired Dewan of Travancore. Messrs. V. Ramadas Pantulu, President of the

Madras Provincial Co-operative Bank and Union, V. Vankatasubbaiya, Secretary of the Provincial Co-operative Union, J. C. Kumarappa, Organising Secretary of the All-India Village Industries' Association, P. Rajagopalan, I. C. S., District Judge, Viswanatha Chetty, Deputy Registrar of Co-operative Societies, C. Subba Rao, Secretary of the Vizianagaram Co-operative Central Bank, P. Syamasundara Rao of Berhampore, D. Narayana Raju, G. Ramachendrudu, N. Subba Rao Pantulu and others attended the Conference.

Dr. P. Gurumurti, Chairman of the Reception Committee, observed in the course of his welcome address that there were to-day in the Andhra districts 17 central banks, 150 local unions and 5000 societies with a membership of about 3 lakhs and a working capital of about 3 crores of rupees. The condition of the village societies was by no means satisfactory. Their work was hindered by the presence of parties, factions, frauds and overdues. If anyone was so unwise as to give his time and labour for the society, his life was made miserable by the jealousy of others; if he earned on honorarium, be it ever so small, there were sure to be objections, references etc. Like the Brahmin-Non-Brahmin, Hindu-Moslem and Kapu-Kamma communal feelings, there were in the societies feelings between the unions, central banks and federations. Again, elections were becoming contentious and exciting as in local boards and municipalities. Money was being spent and official support canvassed. Was this co-operation ? Dr. Gurumurti then referred to the unification of central banks where there happen to be more than one of them in a district. After mentioning the arguments for and against the proposal, he strongly expressed the view that any amalgamation of the banks should be voluntary and not dictated by the Department. He urged the delegates assembled to give their hearty support to the Andhra Sahakara Sammelanam, so that its new office-bearers might be enabled to revive and work it. Speaking of the Training Institutes, he strongly condemned the attitude of Government in over-riding the decision of the Provincial Co-operative Union and instituting differential courses. Dealing with land mortgage banks he paid a tribute to the excellent work done by Diwan Bahadur M. Ramachandra Rao as President of the Central Land Mortgage Bank and urged that the period fixed for the repayment of loans issued by them should be extended to 40 years and that the individual borrowing power should be raised to Rs. 10,000 at least. He also recommended a co-operative dismortgaging insurance scheme whereby a person borrowing from a land mortgage bank could insure himself with the South India Co-operative Insurance Society and get the latter to take his place for discharging the mortgage loan, if his death should take place within the period of loan, and thus free the the family from the worry of discharging it.

In a comparatively short presidential speech Diwan Bahadur T. Raghaviah said:

"We have taken great strides in the direction of developing co-operative credit in our Province, and Co-operative Banking has had the benefit of organised endeavour. The abundant credit facilities thus created have brought relief to indebtedness in many deserving cases and has materially reduced the prevailing rate of interest. But a too facile credit has brought its own evils in its train. Those that have borrowed with ease and in haste have in many cases not utilised the money properly and have been unable to repay with punctuality and promptitude. Consequently over-dues have mounted up and have become a colossal problem. The difficulty in punctual repayment has further been enhanced by unfavourable seasons and low prices, and in the absence of conditions conducive to better production and better marketing, the borrower has been unable to get a better return from his crops and meet his obligations fully.

Credit is no doubt the basis of all economic co-operation, but it is not enough to have the basement alone; we must try and build up the complete structure. In other words, the basement having been laid, the time is come for our concentrating our attention on 'non-credit co-operation.' As the use of a negative term like 'Non-credit co-operation' leaves its implication somewhat vague, I prefer the term 'Co-operative action' which has come into vogue in the United Provinces.

Co-operative credit flows from the entire community, rich as well as poor, but the use of that large volume of credit has not yet been such as to benefit the community as a whole. The organised use of credit for the benefit of the whole community is likely to be more effective and fruitful than its unorganised and sporadic use by the individual. What are the ways in which this credit can be mobilised for the benefit of the entire community?

The first and foremost direction in which it is essential to utilise this credit is the organised removal of the indebtedness of the cultivators who constitute 70 per cent of the country's population and who carry on its major industry. The total agricultural indebtedness of the Province has been variously computed at various times, and just now there is a Government officer engaged in ascertaining its volume. But we will not be far wrong in putting it down at roughly a hundred crores of rupees. So long as this heavy mill stone hangs round the cultivator's neck and gathers volume as time passes, there is no salvation for him. The first organised attempt at dealing with this indebtedness is the creation of co-operative land mortgage banks which have been a great success in our Province. These banks have already met agricultural indebtedness to

the tune of over half a crore and every precaution is taken to see that the borrower whom the Land Mortgage Bank benefits, extinguishes his entire secured debt. But the Banks cannot, as matters now stand, extinguish the entire secured debt of cultivator if it exceeds a certain percentage of the value of his land and if the margin left after meeting the repayment instalment on account of the debt is insufficient for his maintenance and for the efficient carrying on of his agricultural industry. Consequently Land Mortgage Banks as at present worked are not in a position to fully relieve agricultural indebtedness. Unless the credit facilities afforded by Land Mortgage Banks are linked with a scheme of compulsory composition and redemption of the cultivator's debt, he does not stand to derive any permanent benefit from them. The State will have therefore compulsorily to reduce the agricultural indebtedness to be relieved by Land Mortgage Banks by compelling the creditors to accept payment in full satisfaction of the moneys due to them, if the payment represents not less than a certain proportion of the market value of the debtor's entire landed property. This proportion may fairly be put down at 50 per cent. This will leave the debtor sufficient margin of credit for the finance he may need for the efficient continuance of his agricultural industry and for a fairly comfortable standard of living for himself and his family. In view of the undoudted excellence of the security offered, the State does not run any serious risk in guaranteeing without limit the capital and interest on the debenture loans that will have to be floated for the purpose; and with a Government guarantee and the classification of the debentures as trustee securities there would be no difficulty whatever in raising from the people themselves all the money needed for redemption of agricultural indebtedness. Through the indefatigable exertions of our friend, Diwan Bahadur M. Ramachandra Rao Pantulu, Land Mortgage Bank debentures have already been classed as trustee securities and the Local Government has undertaken to guarantee these bonds up to a limit of Rs. 50 lakhs, with the result that the Co-operative Central Land Mortgage Bank has been able to reduce the rate of interest on its debenture loans to 4 per cent and is contemplating reducing it still further. There is a keen demand for the debentures floated by the Bank. The remedy suggested by me of compelling the creditors by law to accept composition of their debts on receipt of a fraction thereof is no doubt a drastic one and savours of confiscation. But this remedy has been adopted in other countries, and although at first sight the creditor might grumble at having to forego part of his capital as well as the high rate of interest he has been expecting to get, he will be thankful in the long run when he finds out that he is quite certain of getting back part at least of his capital and of receiving interest regularly thereon if he chooses to take payment in the shape of debenture bonds.

The next most important direction to which co-operative credit should be applied in an organised manner is co-operative production and co-operative sales and marketing. In the field of Agriculture this has taken already the shape of co-operative purchase of agricultural implements, seed, manure and other accessories. This could with great advantage be extended to co-operative cultivation. If a number of cultivators bring their fragmentary holdings together and set up a big farm they could affect many economics and largely increase their output. This is the experience of Soviet Russia. Important service can also be rendered to the cultivator by co-operative crop advances, co-operative storage and grading and co-operative marketing. These measures will enable the cultivator to offer better sorts of agricultural produce to the trade, wait for better prices and get a better return for his produce by the elimination of the middleman. This will specially be the case in regard to crops that will keep such as paddy, cereals, groundnut and cotton. The indirect benefit of such co-operative action to the community cannot be exaggerated as it would materially increase its earning power and create a larger margin for the cultivator from which he could meet with greater ease his debt repayment instalments and adopt better methods of cultivation and better standards of living.

I do not overlook the fact that some advance has already been made in these directions in our Province and specially in Panchayat areas like Alamuru through the devoted services of co-operators like Mr. N. Satyanarayana, but the advance is small compared to the work that still remains to be done and has been mostly sporadic and isolated. What we want is a countrywide organization to tackle this kind of constructive co-operation effectively.

All that I have so far said concerns the utilization of co-operative credit more effectively and fruitfully for the *economic* benefit of the community. But unless you apply co-operative action to strengthen the moral, intellectual and social life of the community which furnishes you the credit by making it better educated and healthier, or in other words unless you reclaim the human material of which society is composed, the foundations for the credit which is the basis of the entire co-operative structure will be sapped. For avoiding this sapping of the life springs of society and for improving its tone you need a net work of co-operative better living societies engaged in reorganizing and improving the village in all its aspects—educational, hygienic, social and in establishing a living contact between town and village by bringing them closer by means of improved communications and by improving the amenities of the latter.

As an Andhra addressing fellow Andhras, may I appeal to their essentially emotional character and their good impulses to have recourse

to co-operative action in the sense in which I have used the term and reconstruct and rejuvinate the country in the eventful years that are ahead of us ?"

RESOLUTIONS.

The following are the resolutions passed at the Conference :—

1. The Conference was of opinion that a separate Provincial Co-operative Bank was necessary for the all-round development of the co-operative movement in Andhradesa and requested the authorities and the non-official co-operators to take the necessary measures for the division of the Madras Provincial Co-operative Bank into a Tamil Provincial Co-operative Bank and an Andhra Provincial Co-operative Bank.

2. The Conference was of opinion that as far as possible the ideal of one central bank for each revenue district should be pursued, and that where there were more than one central bank in a district they should be amalgamated into one with the consent of the banks concerned. In exceptional cases they might be amalgamated into two.

3. The Conference commended the scheme of dismortgaging of loans in Primary Land Mortgage Banks prepared by the South India Co-operative Insurance Society and exhorted all primary banks to persuade the borrowers to take up policies in the South India Co-operative Insurance Society under the said scheme.

4. The Conference requested the authorities to reduce the rate of interest on loans to co-operative building societies, permanently from 5 to 4 per cent.

5. The Conference was of opinion that the two Co-operative Training Institutes intended for the mofussil should be conducted on the same lines as the Central Institute at Madras, and that the students trained in all the three Institutes, should be equally eligible for Governmental and non-official service. The Government were requested to take the necessary steps in this matter at an early date.

6. The Conference urged the appointment of a separate Registrar for the Andhra districts in the best interests of the movement in those districts.

7. The Conference requested the Government and the Central Land Mortgage Bank to reduce the rate of interest on loans given to members to 5 per cent and to extend the time-limit for the redemption of the debt from 20 to 40 years.

8. The Conference requested the Central Banks to sanction loans at $4\frac{1}{2}$ per cent to primary societies and the latter were urged to sanction loans to their members at $5\frac{1}{2}$ per cent.

9. In the face of the financial conditions in the country and the fall in prices, the Conference requested the Co-operative Banks and the Registrar to convert the loans given to members of primary societies into long term loans of ten years and to make the primary society as a whole responsible for the amount borrowed from the Central Bank concerned.

10. The Conference requested the Government to amalgamate into one the Departments of Agriculture, Industries and Co-operation in the best interests of the ryot and the Government.

11. The Conference exhorted the co-operators to develop the movement by carrying on joint purchase and sale of domestic requirements and agricultural implements, seeds, etc., for members of primary societies, besides granting loans to members in cash, which alone had not proved to be of great advantage to the ryots in the villages.

12. Inasmuch as co-operative marketing had been backward and the efforts of the department to improve it would be furthered by allotment of a portion of the Village Reconstruction Fund of the Government of India, the Conference recommended to the Government of Madras to start Co-operative Trading Societies at the headquarters of each taluk, and to meet the expenses of management of these institutions by obtaining grants from the above said fund without interest.

13. In view of the exorbitant rates of interest and other unconscionable terms incidental to private banking and the crushing conditions into which people have been drifted by the sudden economic depression, this Conference urges on the Government the immediate need of enacting a 'Debt Redemption Law' and, has a measure of immediate relief, of stipulating in the Usurious Loans Act fair maximum rates of interest in consonance with the conditions of private banking prevalent in the several provinces or parts of the country and of statutorily arming the Judicial Officers with powers to revise or reverse, if necessary, the said unconscionable terms so as to render them more equitable and fair.

THE INDIAN CO-OPERATIVE REVIEW

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Correspondence.

SECTION 51 OF THE MADRAS CO-OPERATIVE SOCIETIES ACT VI OF 1932.

SIR,

In his Circular L. Dis. No. F. 4881/29, dated 30-10-1929 reported at page 527 of Vol. XXI of the *Madras Journal of Co-operation*, the Registrar of Co-operative Societies Madras has stated, that the safest course to be adopted when a property mortgaged to the Society is alienated to third party is not to submit such cases to arbitration but to file suits in Civil Courts. This opinion may no doubt be felt to be binding on societies, but the question to be considered, and that too one of much importance, is as to whether the opinion enunciates a correct proposition of law.

In my article and published at page 374 of the February issue of the *Madras Journal of Co-operation*, I have referred to cases which consider the expression 'claming under' occurring in Section 11 of the Code of Civil Procedure. Further investigation shows that the correct view to be taken of Section 51 is that alienees from the mortgagee subsequent to the date of the mortgage to the society, should be construed to be persons claiming through members within the meaning of Section 51. It is assumed that societies do not grant loans to persons who are not members.

The principle that underlies Section 51 seems to be that a special tribunal should be constituted to decide cases arising between societies and their members and the representatives of such members. A mortgagor parts with a portion of his interest in the property that he mortgages in favour of the mortgagee, retaining with him what is known in law—as the equity of redemption. In other words, he is entitled to redeem the property. The mortgagor by creating a subsequent alienation places the subsequent alienee in a position similar to that which he himself occupied. He parts with the whole or part of his right as the case may be in favour of the subsequent alienee. Under these circumstances the question to be considered is as to whether the subsequent alienee is a representative of the mortgagor within the meaning of Section 51 of Act VI of 1932.

The decision under Section 11 of the Code of Civil Procedure, considering the term 'parties under whom they claim' seems to have proceeded on the principle that a person who had no opportunity of representing his case should not be bound by a decision obtained against some other individual who by reason of his having lost interest in the subject

matter of the suit either partially or fully might not have defended himself as he would have done if he had not lost his interest in the subject matter of the suit.

Even though there is no direct ruling bearing on the subject under the Co-operative Societies Act, the High Courts appear in many cases to have taken as granted that he so claims. In I. L. R. XXXVI Allahabad 478 Their Lordships had to consider whether in a case where the document sued upon contained a recital of the passing of consideration, the onus of proving the passing of consideration lay on the plaintiff as against a court auction purchaser of the properties mortgaged. At page 480 they say 'Where a mortgage deed is proved to have been executed and the document contains an acknowledgment of the receipt of consideration, there is strong *prima facie* evidence that the consideration has actually been received, and is evidence not only against the mortgagors but also against persons *claiming under them* subsequent to the date of mortgage.' In I. L. R. XLI Allahabad 250 the same High Court observes 'that where execution of a mortgage deed has been proved as required by law, an acknowledgment contained therein of the receipt of consideration is evidence not only as against the mortgagor *but as against a purchaser from mortgagor or an auction purchaser at a sale held in execution of a decree on the mortgage.*'

In XXX *Madras Law Weekly* the Madras High Court had to consider the same question. The case is reported at page 966. At page 971 Their Lordships observe 'the recitals would be *prima facie* proof of the passing of consideration and it is for the defendant *who claims under the person who made the admission* to meet the presumption rising from the recitals. I do not think it can be in his mouth to say that he was as stranger to the original transaction.' In a very recent case in XL Madras Law Weekly 942 at 944 the same court observes 'it may be that this result cannot be achieved if the agreement of release is after the purchase for in such a case *the purchaser would be a representative of the mortgagor*'.

Thus there is a strong support to the view that an alienee from a mortgagor subsequent to the mortgage in favour of the society is a person claiming under the mortgagor within the meaning of Section 51 of Act VI of 1932.

The question then is as to whether the civil courts have jurisdiction to entertain suits in which the mortgagor and the subsequent alienees alone have to be made parties. It is assumed that the subsequent alienees are non-members.

In A. I. R. 1923 Nagpur 112 at 114 the Court observes 'In our opinion where the law has given jurisdiction to determine a matter to

specific tribunals only determination of the matter by other tribunals is excluded.' In A.I.R. 1922 Calcutta 4 a similar question arose. It was a case under the Land Acquisition Act (I of 1894). Therein at page 5 Their Lordships say 'The act creates a special jurisdiction and provides a special remedy. And ordinarily when jurisdiction has been conferred on a special court for the investigation of matters which may possibly be in controversy, such jurisdiction is exclusive. See 10 C. W. N. 991. At page 8 also it is observed it would not be reasonable to hold that the Legislature having provided a special remedy in the Land Acquisition Act intended to make it optional with a party to apply for a reference under Section 18 or to institute a suit in the ordinary civil court.

The Madras High Court had to consider the same question in 45 M. L. J. 23. In 24 Madras Law Weekly 510 also the question was considered. At page 511 His Lordship observes 'The law is quite clear and is set forth both in the Madras ruling quoted above and in Bhaishanker *vs.* The Municipal Corporation of Bombay 31, Bombay 604. Where a special tribunal out of the ordinary course is appointed by an Act to determine questions as to rights which are the creation of the Act, then except as so far as otherwise expressly provided or necessarily implied that tribunal's jurisdiction to determine those questions is exclusive.' (Bhai Shanker *vs.* The Municipal Corporation of Bombay). Later on the court proceeds to say 'It is idle for the respondent to complain that if that is the law it deprives him of the speedy and drastic remedy which he personally desires. It is only under the statute that he has any rights at all in the matter, and he must submit to the whole statutory scheme. instead of accepting the previliges and repudiating the disabilities.' It is an essential condition of those rights that they should be determined in the manner prescribed in the Act to which they owe their existence. 'In such a case there is no ouster of jurisdiction of the ordinary courts for they never had any; there is no change of the old order of things; a new order is brought into the being, Bhai Shanker *vs.* The Municipal Corporation of Bombay 31, Bombay 604, nor are the reasons for the statute far to seek.'

Hence it can be safely said that in cases where the society has to sue the mortgagor and the subsequent alienees alone the jurisdiction of the Arbitration Courts is exclusive. The civil courts have no jurisdiction to entertain such suits.

P. K. SRINIVASARAGHAVA ACHARYA,
Legal Advisor to the Urban Bank, Ltd.,
Tindivanam.

Tindivanam,
2-4-1935.

News and Notes.

The article entitled 'The Menace to Co-operation,' part II, published in our February issue was written by Mr. R. Satyanarayana and not by R. Suryanarayana Pantulu as published.

* * *

The new building of the Nellore District Co-operative Banking Union was opened by Mr. V. Ramadas Pantulu on the 21st April last. On this occasion Mr. R. Dasaradha Rama Reddy, the President of the Bank, traced the progress of the institution from its very inception. The present building was built out of the accumulated amount of 5 per cent of the profits set apart every year up to 1928 and 15 per cent of the profits since that year. The cost has come up to nearly Rs. 30,000. We learn that in this connection some 1500 poor people were fed by the Bank on that day and that thousands of women of the town came to see the building and were taken round. The Bank deserves to be congratulated on having succeeded in rousing the interest of the women folk of Nellore to such an extent.

* * *

Mr. C. Subba Rao, Secretary of the Vizianagaram Co-operative Central Bank, who attended the Andhra Co-operative Conference held recently at Rajahmundry, invited the next Conference to be held in the Vizagapatam District. The Conference accepted the invitation of Mr. Subba Rao.

* * *

The Innespet Co-operative Urban Bank at Rajahmundry decided to start a co-operative library at Rajahmundry and approached the Central Bank for a donation. The Central Bank give a donation of Rs. 900 from its common good fund. The library was opened on the 15th April last by J. C. Kumarappa, Secretary of the All-India Village Industries Association.

* * *

The Krishna Co-operative Bank has notified to all its member societies that they should substitute '1½' pies for '2' pies in their bye-laws dealing with penal interest.

* * *

The number of readers and the number of books issued by the Government Telegraph Employees' Co-operative Society, Ltd., during March 1935 were 1,098 and 696 respectively. During that month the Society received a grant of Rs. 100 for its library from the Government.

* * *

The Registrar has passed an order superseding the Vizagapatam Co-operative Urban Bank as from 1st April 1935 on the ground that the affairs of the Bank were very unsatisfactory, that there was no harmony among the Directors, and that the local municipal politics and the affairs of the Bank had become mixed up to the detriment of the true interests of the Bank. A committee consisting of three persons has been appointed to manage the affairs of the Bank.

* * *

We regret to learn the deaths of Rai Bahadur Belli Gowder, familiarly known as the G. O. M. of Nilgiris, Mr. K. Balasubramanyam,

Secretary of the Triplicane Urban Co-operative Society and Mr. M. Parthasarathi Ayyangar, for long a Director of the T.U.C.S. We offer our sincere condolences to the members of their families.

* * *

The exercise of the casting vote by the president of a society in the matter of elections is getting to be disliked, owing apparently to the growth of party spirit. In the amendment of by-laws which the directors of the Krishna Co-operative Bank, Masulipatam, have suggested it is proposed among others, that the president shall have a casting vote except in the matter of elections.

* * *

Mr. P. Galletti, I.C.S. Sub-Collector of South Kanara, who visited the Wandse Co-operative Society on 15-1-35 recorded as follows in a note of inspection :—

The Society seems to be flourishing. The accounts are well kept and show that it commands enough confidence to attract deposits, so that it is at the moment able to dispense with loans from the Central Bank. It had paid off all loans previously taken. It has over Rs. 3,000 of deposits on which it pays from 5 to 6¼ per cent interest (Most of it is at 5½ per cent) Loans are granted at 9 per cent. Share capital amounts to Rs. 1,654 (209 shares) The balance in hand is Rs. 18-4-9. I think some of the loans are too large (Rs. 300 or Rs. 500 repayable in one year), but the secretary assures me they are safe, and most of the loans are smaller. The Society wisely concentrates on short term loans repayable in one year. The Secretary is a coupe contractor and timber merchant, well-versed in business, and struck me as a keen and intelligent co-operator.

* * *

The Annual general body meeting of the Erode Co-operative Union was held on the 14th of April last. It was attended by several distinguished co-operators of the district including Diwan Bahadur T. A. Ramalingam Chettiar. He made a short speech on the occasion congratulating the Union on its successful working and containing suggestions for redeeming the ryot from the cultches of the usurious money-lender.

* * *

The District and Sessions Judge of Chingleput delivered judgment on the 3rd April last sentencing one M. Papaiah Naidu, a Roman Catholic Indian Christian and Ex-Secretary of the Kilacheri Agricultural Bank in Chingleput Dt. to undergo five years rigorous imprisonment on a charge of frudulent manipulation of accounts and misappropriation of money to the extent of Rs. 5,300 received from the Secretary of the Indian Catholic Association. This amount which was received nearly five years back was never brought into the accounts and instead of it a sum of Rs. 100 only was entered as receipt towards fixed deposit, that too being in his own name. The misappropriation was found out when the Secretary of the Association applied for the renewal of the deposit for a period of one more year. In the course of his judgment the Judge observed that the accused himself admitted all the facts of the case but pleaded that he had no criminal intention. But he found that the plea of his having lost money and kept it a secret appeared quite unnatural and so he deserved an exemplary punishment.

Nadigadda is a village in Punganur Taluk in Chittoor District. There are about 100 houses in the village of which about 12 houses belong to the Reddy community and the remaining ones belong to other communities. The main occupation of the villagers is agriculture. Rao Bahadur P. Raghunatha Reddy, President of the District Board, is the most influential gentleman of the village and even though he is the President of the District Board he resides in this village. Until he became the President, the sanitary condition of the village was highly deplorable and there were absolutely no roads. After Mr. Reddy became the President, he took a keen interest in the improvement of the village and explained to the ryots their civic responsibility and induced them to contribute their physical labour and nothing more. All the villagers co-operated with him without any hesitation as it did not touch their purse. It was agreed that one man for every house should come and work for one day in the month (New Moon day). This arrangement has produced the following results :—

1. A road has been formed and the streets of the village have been widened.

2. The mosquito trouble has totally disappeared.

3. Manure heaps which used to be near houses have been removed to fields.

4. The strength of the elementary school has risen so much that it now has three teachers while formerly it had only one. The Adi Dravida boys are allowed to sit along with the caste boys.

5. Weekly lectures are being delivered on civics, co-operation, public health etc.

Several officers like the Secretary to the Local Self-Government and the Director of Public Health have visited this place and recorded in the visitors' book their appreciation of the improvements carried out in the village. The example of Nadigadda is being followed in about 100 villages in the District.

* * *

Sir Harry Haig, Governor of the United Provinces, in the course of his reply to an address presented to him by the Oudh Talukdars, observed as follows :

"The villagers are stirring into life. They need help and guidance. You can do much. Give them what they need and if you help them wisely and with personal sympathy, I am sure you will be repaid many times by the new and reasoned loyalty which will gradually take the place of traditional loyalty that is bound to weaken in the inevitable processes of time and change. I would urge you, therefore, to come forward as real leaders of your tenants. Recognise the immense opportunities for good that your position offers you and, believing in yourselves and the future, take a lead to which your traditions and inheritance entitle you in advancing the prosperity and happiness of the rural population."

* * *

With a view to make the public understand what work the co-operative movement had done in the Lucknow District, U. P., a co-operative week was celebrated recently at Bastia. Nearly 8,000 people

from the adjacent villages attended the celebrations with great enthusiasm. The co-operative movement in this district has done excellent village reconstruction work. Better living societies, libraries, adult schools, scouting, seed-stores etc., have been started and are proving very beneficial to the villagers. About 200 village volunteers have been trained and they render great help on all occasions of public gathering.

The report on the working of the U. P. Co-operative Union for 1933-34 reveals some of its important activities during the year. The Union had 91 members on 30-6-'34 as against 89 at the end of the previous year. It received a grant of Rs. 66,500 from the Government and in spite of this, measures of economy such as emergency cut and reduced emoluments to employees had to be resorted to owing to contributions from the Banks having fallen considerably. 202 primary societies were organised by the Union during the year at an expenditure of Rs. 3,742. The Union has 198 supervisors including 5 lady supervisors of whom 3 were newly employed during the year under review and the work done by them is still in the elementary stage. The Union is also paying attention to rural reconstruction work in Partabgarah, Masodha and Benares and their activities touch sanitation, hygiene, improved methods of mid-wifery, scouting, thrift, curtailment of ceremonial expenses etc. The Union is also conducting training classes for supervisors and out of the 45 candidates appeared for the examination 27 have come out successful. The Union is also publishing three co-operative journals, one quarterly in English and the other two in vernacular. It has also recently decided to start as an experimental measure, a weekly edition of the vernacular journal in the place of the monthly issue.

The biggest consumers' society in the world is obviously the London Society. It has a membership of 5,66,000 and a capital of £ 8 million. In its membership campaign of January last 38,000 new members were enrolled. It has 850 shops and depots and 13,000 employees.

* * *

The year 1934 was a record year of progress for the Co-operative Insurance Society of Great Britain. The total premium income was £ 6,340,191 which represented an increase of £694,212 over that of 1933. The Society does insurance of all kinds. In the ordinary life section the premium income was £1,168,862 and the number of new policies issued was 20,352, compared with 18,091 in the previous year. The rate of progress made by the society may be judged by the fact that in 1915 the total premium income was only £ 309,015.

* * *

Mr. Sam Croder of Peterborough in England, who is 85 years old, is believed to be the oldest committee-man in the co-operative movement. He has been a committee-man in the Peterborough Society for the last 53 years. Would our co-operators allow anyone to serve a society so long, however useful he be ?

A PRIZE ESSAY.

In Commemoration of its tenth anniversary, the Government Telegraph Employees' Co-operative, Society Ltd., pleased to offer two prizes of the total value of Rs. 30.

The following rules shall govern the award :—

1. The prizes will be a gold medal and a silver medal for the value of about Rs. 25 and Rs. 5 respectively.

2. The gold medal will be awarded to the best, and the silver medal to the next best thesis on the subject of "The Origin, Development, Present State, and future of Co-operative Credit in South India, with special reference to Urban Areas."

3. The award will be made by the Board on the recommendation of the following gentlemen, who will be the judges to value the thesis :—

(1) M. R. Ry. Diwan Bahadur M. Ramachandra Rao Garu,
(2) Prof. K. C. Ramakrishnan, University of Madras, and
(3) M.R.Ry. V. Dharmalingam Pillai Avl., M.L.C.

4. The competition is open to all *bona fide* residents within the Madras Presidency.

5. The thesis should be in English, neatly and legibly written, or typed, on one side of foolscap size paper. Every thesis submitted for the prize shall have prefixed to it a synopsis of the matter dealt with in the text.

6. All thesis intended for the competition shall be forwarded so as to reach the Honorary Secretary, the Government Telegraph Employees' Co-operative Society, Ltd., 16/17, Second Line Beach, Madras, not later than the 31st May 1935. Every thesis shall be enclosed in a cover and addressed to the Honorary Secretary (Mr. V. Manikka Mudaliyar) by name.

7. The award will be announced before the end of June 1935.

8. The decision of judges in the matter of the award will be final, and the approved theses will be the property of the Society.

* * *

The progress of the South India Co-operative Insurance Society, Ltd., Madras during the co-operative year 1934-35 (i.e. for 10 months from July 1934 to April, 1935) is as follows :—

		No.	Amount. Rs.
Proposals received	...	1169	9,42,350
„ accepted	...	1071	8,59,900
Policies issued	...	815	6,73,050

List of Societies registered during the month of March 1935.

Name of the Society.	District.
Vemula Co-operative Society ...	Cuddapah.
The Tenkarai Tank Co-operative Irrigation Society, Ltd.	Tinnevelly.
The Tinnevelly Junction Co-operative Building Society, Ltd., ...	"
The Official Colony Co-operative Building Society Ltd., Vizagapatam	Vizagapatam.
The Tapeswaram Co-operative Crop Loan and Sale Society Ltd , Tapeswaram ...	East Godavari.
The Ellore Co-operative Stores Society, Ltd., Ellore.	West Godavari.
Udumalapet Co-operative Trading Society, Ltd. ...	Coimbatore.
Melkavadi Co-operative Credit Society, Ootacamund P. O.	Nilgiris.
The Gunapatipalam Co-operative Credit Society ...	Nellore.
The Basel Evangelical Mission Parsi High School Students' Co-operative Stores Ltd., Tellicherry	Malabar.

List of Societies whose registration has been cancelled in March last.

Name of the Society.	District.	Date of cancellation.
Taraikudy C. S. ...	Ramnad ...	1-3-35
Thalavaipalayam F. L .C. S. ...	Tanjore ...	2-3-35
Mullipet C. S. ...	North Arcot ...	4-3-35
Lakshmanasamudrum C.S. ...	Salem ...	"
Vullipalem Seed Supply C.S. ...	Guntur ...	5-3-35
Kristipadu C. S. ...	Kurnool ...	6-3-35
Venkatapuram Koravars C.S. ...	Salem ...	7-3-35
Trichendur C. S. Union ...	Tinnevelly ...	9-3-35
Karur South Co-operative Supervising Union, Ltd. ...	Trichinopoly	11-3-35
Puthandur C. S. ...	South Arcot...	6-3-35
Omalur Co-op. Union ...	Salem ...	13-3-35
Terku Rastha C. S. ...	Tinnevelly ...	18-3-35
Udayarpalayam Co-op. Union ...	Trichinopoly	19-3-35
Thathampettai Paloor Union ...	" ...	"
Aravakurichi Co-op. Union ...	" ...	"
Paramathi Co-op. Union ...	" ...	"
Puvalur Co-op. Sup. Union ...	" ...	"
Thirumalavadi Co-op. Union ...	" ...	"
Peruvalanallur Co-op. Union ...	" ...	"
Kasimedu Christian C. S. ...	Madras City ...	20-8-35
Adoni Loan and Sale C. S. ...	Bellary ...	20-3-35
Endathur Ladakaranai C. S. ...	Chingleput ...	26-3-35
Ramanathapuram C. S. ...	Tinnevelly ...	28-3-35
Perumudivakkam C. S. ...	Chingleput ...	26-3-35
Dharmapuram C. S. ...	Ganjam ...	23-3-35
Parlakimedi Rajah's College Stores ...	" ...	19-3-35
Poonamalle Board Shool Students Stores ...	Chingleput ...	27-3-35

G.O.s and Circulars.

GOVERNMENT OF MADRAS

DEVELOPMENT DEPARTMENT.

G. O. No. Ms., 411, dated 15th March 1935.

Co-operative Societies—Fluid resource—Societies with limited liability —form of maintenance—Credit for post office cash certificates purchased—prescribed.

From the Registrar of Co-operative Societies, A. 6971/34, d. 18-2-'35.

ORDER:—

In the circumstances mentioned by the Registrar of Co-operative Societies in his letter read above, the Government direct in partial modification of the orders issued in G. O. No. 1223, Development dated 27th August 1934, that the limited liability societies referred to in the G. O. may take credit for purposes of fluid resources, the entire purchase value of the post office cash certificates in which they have invested a portion of their funds.

(By order of the Government Ministry of Public Works.)

C. A. HENDERSON,
Secretary to Government.

No. A. 2002/35.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 25th March 1935.

Copy of G. O. 411, Ms., Dev., dated 15th March 1935 communicated to all limited liability societies through Deputy Registrars and Sub-Deputy Registrars.

Copy to all Deputy Registrars and Sub-Deputy Registrars in independent charge (in duplicate). They are requested to communicate the orders to the Senior Inspectors and the auditing staff.

(By Order)
K. A. PADMANABHAN,
Manager.

GOVERNMENT OF MADRAS.

DEVELOPMENT DEPARTMENT.

G. O. No. Ms., 455, dated the 22nd March 1935.

ABSTRACT.

CO-OPERATIVE SOCIETIES—Registration fees -Exemption—Land Mortgage Banks—Continuance—Sanctioned.

ORDER :—

The Government are pleased to exempt for a further period of two years the Central Land Mortgage Bank and the Primary Land Mortgage Banks from the payment of fees for the registration of documents and the obtaining of encumbrance certificates.

2. The following notification will be published in the Fort St. George Gazette :—

Notification.

In exercise of the powers conferred by clause (*h*) of sub-section (2) of section 30 of the Madras Co-operative Societies Act, 1932, (VI of 1932) and in continuation of Development Department Notification No. 157, dated 27th April 1932 published at page 812 of Part I of the Fort St. George Gazette, dated 3rd May 1932 the Governor acting with Ministers is hereby pleased to remit in full for a period of two years from 27th April 1935 all fees payable under the Law of Registration for the time being in force:—

(*a*) By or on behalf of any Central or Primary Land Mortgage Bank for the time being registered or deemed to be registered under the said Act, or

(*b*) In respect of any instrument executed by any officer or member of any Central or Primary Land Mortgage Bank and relating to the business thereof.

(By order of the Government, Ministry of Public Works.)

C. A. HENDERSON,
Secretary to Government.

R. Dis. B. 6368/34.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 29th March 1935.

Copy communicated to all Land Mortgage Banks, all Deputy Registrars and Sub-Deputy Registrars in independent charge, the Deputy Registrars and Sub-Deputy Registrars Land Mortgage Banks and the Editors "The Madras Journal of Co-operation" and "Kooturuvu".

(By Order)

K. A. PADMANABHAN,
Manager.

Extract.

GRAMA-SANGATHAN

BY

MR. V. N. METHA, I.C.S.

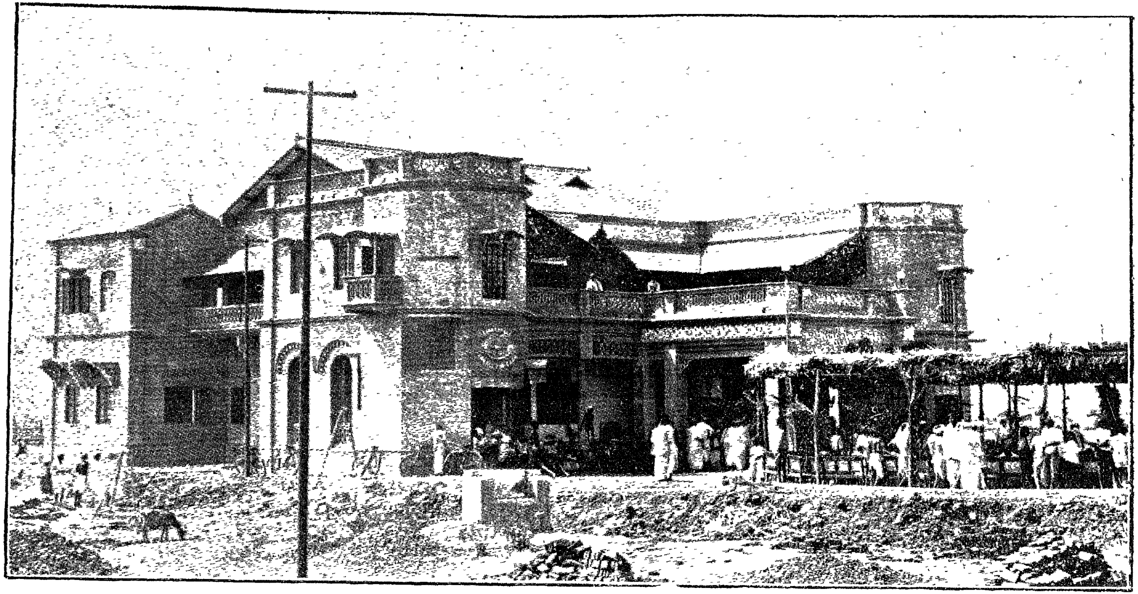
It was in the end of the year 1925 that on examining the working of certain co-operative societies in the district of Benares where I had been appointed Magistrate and Collector that I came across the malaise that had seized the co-operative workers in most of the societies there. The movement had lost its momentum of enthusiasm and the credit activities to which it had so far confined itself had resulted in accumulation of huge outstandings and people were found groaning under the credit too freely ladled out in the past. I at once noticed the absence of any man-making activity in the co-operative programme. No co-operative society has ever been a permanent boon to a community unless it has succeeded in knitting together community life out of the congeries of heterogenous elements that are found in a village. I started the experiment in a village called Chiraigaon. It had a poetic name and I wanted to invest the co-operative movement in the place in an idealistic garb and utilise the elements in its frame-work to build up a community life from which would flow the necessary momentum for making the movement a success. The Lambardar and the school-master were enthusiasts. The school was turned into a centre of community life. An adult education class was started there for evening work. It was a mixed gathering of men and women who attended. There was a lot of community singing in which the Muslims and Hindus joined in singing village songs which either turned on some local episode of valour or some act of supreme sacrifice performed by a woman, or otherwise the singing referred to some local festival or in some cases referred to incidents mentioned in the Hindu mythology which form the common heritage of most Hindus and Muslims in the eastern district of the U. P. I was struck with the survival of the numerous elements that still could be utilised for cementing the life of the community. They could serve as the matrix which would imprison centrifugal elements and prevent them from breaking up the community. Certain mischief-making outsiders from cities were emphasising the predominance of these centrifugal elements and it was with the zeal of a missionary that we worked to prevent this poison spreading and emphasised those elements which went to the making up of the village. It was in this way that we prevented the communal virus from invading the peace of the countryside.

The Grama-Sangathan scheme aimed at making the school a centre for all communal activity. It had to take under its fold all the ameliorative schemes which a beneficent Government were trying to launch—from child welfare, pre-natal precautions, after birth care to adult education,—and organising industries of the village at the other end. The village was 7 miles away from Benares on the main road. Instead of the weaver bringing the product of the labour of his family for the week to the Benares market and negotiating its sale with the middleman, the Industrial Section of the co-operative society arranged for the purchase of the raw material for the village units and tried to market on

behalf of the members the products of the hand-looms with wholesale dealers at Benares. The same thing was done in marketing brass utensils and fresh fruit and flowers for which there was a ready demand in the religious metropolis of India. The individual activity was replaced by community activity and the disutility involved in individual effort was replaced by organised effort on behalf of the society for purchase of raw marketing of the finished product. The village was a scrupulously clean one. Its water-supply was old fashioned but it was improved. The villagers were made to understand that to be in the debt of an individual was to be in a hospital and if one had to borrow it should be from the society making ready money available, for improving business was the best form that credit should take and therefore to be in debt to a bank for productive purpose was not an evil. All that was necessary was for the society to exercise a vigilant eye so that the loan was spent for the object for which it was taken ; that over-loaning was avoided and there was punctual repayment of the loan according to the instalments fixed. The ladle of Annapurna was to be ever in action but it was merely to feed a want and not to produce surfeit.

No extraneous agencies were employed for controlling the activities of the villager. We took scrupulous care to see that local men were trained to work as missionaries and leaven the lump. It has been a mistake on the part of certain village reconstruction societies to have got costly paid bureaucrats for working the village organization. To use an astronomical trope the central better-living society known as the Grama-Sangathan society should act as primum mobile to keep all different beneficent activities revolving in their own orbit with the result that there was harmony instead of discordance.

When this work was in progress, I came across another instance of certain lacunae in village organization which cut off the village from the centre of administrative activity. There was a village 'B' situated across the river Ganges at a distance of three miles from Benares. A big lunar-eclipse bathing fair was coming off. I was told that cholera had broken out in that village. A person suffering from cholera who had come from the Bihar side had tried to lower his vessel in a well to quench his thirst and while doing so had over-balanced himself into the well. People continued to drink water of that well sometime after the body had swollen and come to the top. A large number of people were attacked with choleraic symptoms and 40 died. There was consternation. The Village Chowkidar was the first to die. Nobody brought the news although we were so close to Benares. The village looked upon it as the *khel* of the goddess and did not feel the impulse to complain that naturally surges up when wrong is done underservedly to a person. The fact was casually brought to my notice. We took all the precautions to prevent infection spreading. But I made up my mind that in the absence of a physical telepone we must set up some kind of organisation in each village which would at once strike a responsible chord into the organisation at the centre. Be it an outbreak of an epidemic like plague or cholera; be it an outbreak of cattle-disease requiring the presence of a veterinarian ; be it the occurrence of fire or theft, there must be some sort of a society constituted of young enthusiasts who would be prepared to send the S. O. S. to the headquarters so that all the forces could be mobilised from there for the staunching of the life blood. Japan had done great deal



THE NEW BUILDING OF THE NELLORE DISTRICT CO-OPERATIVE BANKING UNION
opened by Mr. V. Ramadas Pantulu
on the 21st April '35.

in the direction of establishing small youngmen's societies in villages. We formed the idea of having a Yuvak Sabha in villages charged with the duty of constituting itself into intelligence office. It kept us in touch with local events but more than that it became the channel through which all the various expert departments of the Government stationed at headquarters got the raw material for the facts which formed the basis of the measures that the department advocated to improve the lot of the people in the direction of industrial and agricultural improvement. I have all along been feeling the absence in our administrative life of a rural development organisation at the headquarters of the Province, and the headquarters of districts and other administrative units lower down. Without some such organisation the village life which after all really is the life of 30 crores of people would remain unorganised, undisciplined unresponsive, wasteful. The village is not dead but the present method of dealing with it has scoped it of its valuable content, had drawn away all the virile elements from it and unless measures are promptly taken to rehabilitate it, there was bright future on paper only for India. No amount of scaffolding of a political character would keep the edifice of national prosperity up, until and unless it is buttressed up by strong organised villages by Grama-Sangathan in the best sense of the world—organised by villagers themselves, by making use of village institutions that are already there and depending for their salvation on the disinterested activities of workers who would come to the village not to impose an organisation from outside but to build up from elements that are there—on organisation responsive to every beneficent activity. We started several Grama Sangathan Societies of multiple purpose character under the Co-operative Societies Act.

I did not remain long enough to see how the movement developed. It had occasion to talk with the foreign experts on the Central Banking Committee who visited Lucknow and the note that they have drawn up us printed in the Report was the result of the discussion that the Registrar and I had with them.

What is needed is to bring about a different orientation in the village life. It should be made interesting. The drab horizon must receive a streak of light, the proverbial silver lining to the cloud, and young men should be in a position to see the pole star of their destiny in that glimmer so that instead of pursuing the townward trek they would remain in a village and make it a living thing.

(*Hindustan Review*).